

September 29, 2009



## TRANSCRIPT

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### MONTGOMERY COUNTY COUNCIL

#### PRESENT

Councilmember Phil Andrews, President

Councilmember Roger Berliner

Councilmember Valerie Ervin

Councilmember Michael Knapp

Councilmember Nancy Navarro

Councilmember Marc Elrich

Councilmember Nancy Floreen

Councilmember George Leventhal

Councilmember Duchy Trachtenberg

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1 COUNCIL PRESIDENT ANDREWS:

2 Good morning, everybody, and welcome. Welcome to a meeting of the County Council.  
3 We're glad you're all here. We have a very full agenda today, with a lot of important and  
4 interesting subjects, and we're going to begin the day with an invocation by Mrs. Jennie Y.  
5 Kellogg of the Baha'i Faith Community of Montgomery County Northwest in Gaithersburg.  
6 Mrs. Kellogg. Please join me in standing for the invocation.  
7

8 JENNIE KELLOGG:

9 Thank you. O thou kind Lord, this gathering is turning to thee. These hearts are radiant  
10 with thy love. These minds and spirits are exhilarated by the message of thy glad tidings.  
11 O God, let this American democracy become glorious in spiritual degrees even as it has  
12 aspired to material degrees and render this just government victorious. Confirm this  
13 revered nation to upraise the standard of the oneness of man--of humanity, to propagate  
14 the most great peace, to become thereby most glorious and praiseworthy among all the  
15 nations of the world. O God, this American nation is worthy of thy favors and is deserving  
16 of thy mercy. Make it precious and near to thee through thy bounty and bestowal.  
17

18 COUNCIL PRESIDENT ANDREWS:

19 Thank you, Mrs. Kellogg, for the invocation. We're now going to have a presentation in  
20 recognition of Mentor Month. I will do the honors, and I'd ask those who are here for the  
21 presentation to join me at the front. As I've noted many times, one of the great pleasures  
22 of serving on the County Council is helping to recognize outstanding work done by  
23 members of our community, and the Task Force on Mentoring is one of those  
24 organizations in the County that does outstanding work for our residents and for many of  
25 our most vulnerable children. There are many gifts that one can give, and one of the most  
26 valuable ones for sure is the gift of time and caring, and being a mentor is one of the best  
27 things that anyone can do. So I personally want to thank, on behalf of the Council, the  
28 representatives who are here today from the Task Force on Mentoring, and I will have  
29 them introduce themselves in just a minute, but I'm going to present a proclamation on  
30 behalf of the County Council to the leaders of this outstanding organization and then ask  
31 the president, John Smith, to say a few words and to introduce his colleagues and to let  
32 us know what's coming up with the Task Force on Mentoring. This is a proclamation.  
33 "Whereas, the Task Force on Mentoring in Montgomery County is a viable community  
34 resource dedicated to mentoring County children and young adults needing such services;  
35 and whereas, concerned citizens must make conscientious efforts to help young people  
36 develop the knowledge, values, and abilities necessary for positive and ethical  
37 decisionmaking and conduct; and whereas, students' success in school, home, and  
38 community is to a great degree determined by responsible and caring adult guidance,  
39 support, and encouragement; and whereas, the coming generations of young County  
40 people will be the stewards and the leaders of our community, our state, and our nation;



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1 and whereas, mentoring is an excellent way to reach communities of children or youth  
2 who may need a helping hand to reach their full potential; and whereas, the Task Force  
3 on Mentoring in Montgomery County provides mentoring support to our children and  
4 youth, technical assistance, program information, and related services to persons and  
5 organizations interested in implementing mentoring programs in their communities; now,  
6 therefore, be it resolved that the Montgomery County Council hereby proclaims October  
7 2009 Mentoring Month in Montgomery County; and be it further resolved that the  
8 Montgomery County Council takes this opportunity to thank the Task Force on Mentoring  
9 of Montgomery County for their dedication and hard work in sponsoring and hosting its  
10 18th annual conference on mentoring, with the theme, "From Maryland's Attorney  
11 General--Some Straight Talk About Mentoring." And this proclamation is presented today,  
12 signed by myself on behalf of the County Council, and I want to give it to the president of  
13 the Task Force on Mentoring on behalf of the Council--John Smith. John. I'll ask John to  
14 tell us a little bit about what's coming up and how people can help the Task Force on  
15 Mentoring.

16  
17 JOHN SMITH:

18 Sure. Well, first of all, I want to thank the County--I want to thank Phil--who is my boss, by  
19 the way, so you got to always, you know, thank your boss first, right? But I certainly want  
20 to thank the County Council for providing us with this great proclamation, which we will  
21 also recognize when we have our breakfast which--the breakfast conference takes place  
22 this Thursday at Johns Hopkins University campus here in Rockville. I think the best way  
23 to talk about mentoring is to--I want to read just a couple of things, and it will take--it won't  
24 take a long time. For two years in a row, we have had--and we're in the third year now--  
25 we've had a program at Broad Acres Elementary School. It's called Rising Stars, and the  
26 mentors come from Springbrook High School. This young lady--and this is the way I'll  
27 introduce her. This young lady is Joy Rafey. Joy is our facilities person, our planning  
28 person. She works very closely with helping schools develop, and school people develop,  
29 mentor programs, but she's been at the forefront for the program at Broad Acres and the  
30 training of the students as mentors. And it turns out, from our perspective, students--  
31 excuse me, adults, but students make--high-school students make very good mentors.  
32 You can count on them, you know? They're there, you know? They can meet with their  
33 mentees at the school. Anyhow, for two years, we've had a proclamation for both the  
34 students at Broad Acres Elementary School and Springbrook High School, and they've  
35 done it right here. And last year, some of the students who were mentored--one of them  
36 sent us--well, I've got a number of letters, but I want to read you this letter, because I think  
37 this letter really tells you what is at stake. And he says, "Dear Mr. Smith--" Now, he gives  
38 me credit, but remember, it's the County Council, and signed by--last year, it was signed  
39 by Mike Knapp. Is Mike here? No, Mike's not here right now. Anyhow, it says, "Thank you  
40 so much for the proclamation we received on May 5, 2009. My favorite thing about the trip

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1 is when we got lost and when we ate and when we met Valerie Ervin, because when we  
2 got lost, that was awesome, and when we ate, it was like heaven, and thank you for the  
3 food." You see? Food is important. That's all part of government, right? That's what they  
4 learned. Anyhow, and it's signed by Jesus. The other thing that I want to read real fast--  
5 starting in the spring of this year, we helped Kennedy High School develop a mentor  
6 program, and it's a huge one now. But the thing that I wanted to point out was the goals  
7 for that program were these: a consistent, trusting, and mutually satisfying relationship  
8 and friendship. These were the goals. The second goal was improve self-worth and self-  
9 image. The third goal was improve behavior and self-discipline. The fourth was improve  
10 sustained academic performance. The fourth was real-life learning, including fun activities,  
11 and the last one was school career goals, involving planning for now, the near--and the  
12 future. Now, the important part of that program is that this was--we targeted some 200  
13 youngsters coming in--ninth graders coming into Kennedy High School who were  
14 academically at less than 2.0 grade point average. And they had a program for them for a  
15 whole week talking about, how do you become a good citizen in high school? And the  
16 latest that I heard from the principal--in fact, I got an email from him yesterday--they have  
17 200 youngsters involved in this program. The staff at the high school are mentoring these  
18 200 youngsters, and the goal, of course, is to help them become successful ninth graders  
19 at Kennedy High School. To me, that's what mentoring is really all about. I didn't introduce  
20 Fred Evans. Fred is a member of our board, and he's our peripatetic member of the board.  
21 Peripatetic means you walk around, you're a lot of places at the same time, OK? This is  
22 Fred.

23  
24 COUNCIL PRESIDENT ANDREWS:

25 Thank you. Yeah.

26  
27 FRED EVANS:

28 Just really quickly, I've been--good morning. I've been a member of the task force since its  
29 inception and say two things. One is that I wouldn't be wherever I am today without a lot of  
30 mentors in my life, including my father, my uncles, and a lot of teachers and just general  
31 friends, and when I see students who don't have that kind of support, that usually is an  
32 indication that there's going to be issues, and that's why programs like this are so  
33 important. So I want to thank John and I want to thank our--the staff of the Task Force on  
34 Mentoring for all the work that they do, and thank the Council for this recognition.  
35 Whatever you can do as individuals to mentor--I mentor a student now, and it's very, very  
36 fulfilling--sometimes frustrating, but ultimately fulfilling, and I encourage you to do the  
37 same. Thank you.

38  
39 COUNCIL PRESIDENT ANDREWS:

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1 Thank you, Fred, for your leadership. Thank you, Joy, for your great work. John, thanks for  
2 your continuing work on this over many, many years. I'd like to ask Councilmember  
3 Navarro and Councilmember Ervin to join us for the picture because a lot of the mentoring  
4 is going on in some of the schools that we mentioned--Broad Acres, Kennedy, Springfield-  
5 -Springbrook. So let's just move this, and we can do the picture. There you go. All right.  
6 We're now going to move on to general business, announcement of agenda and calendar  
7 changes. Miss Lauer.

8  
9 LINDA LAUER:

10 Good morning. We don't have any changes this morning. However, we did receive a few  
11 petitions this week. One is supporting Suburban Hospital's campus enhancement project,  
12 one supporting Sligo Creek Golf Course, and another one supporting the Wyngate  
13 Elementary School expansion project. Thank you.

14  
15 COUNCIL PRESIDENT ANDREWS:

16 OK. Thank you. Our next item will be action on approval of the minutes of September 15,  
17 2009. Is there a motion for approval?

18  
19 COUNCILMEMBER TRACHTENBERG:

20 So moved.

21  
22 COUNCIL PRESIDENT ANDREWS:

23 Moved by Councilmember Trachtenberg.

24  
25 COUNCILMEMBER ERVIN:

26 Second.

27  
28 COUNCIL PRESIDENT ANDREWS:

29 Seconded by Councilmember Ervin. All those in favor, please raise your hand. And that is  
30 unanimous. I will now move on to the Consent Calendar, and I'll ask if there's a motion for  
31 approval of the Consent Calendar.

32  
33 COUNCILMEMBER LEVENTHAL:

34 Approve the Consent Calendar.

35  
36 COUNCIL PRESIDENT ANDREWS:

37 Let's--let's do so, says Councilmember Leventhal, and seconded by Councilmember  
38 Elrich.

39  
40 COUNCIL PRESIDENT ANDREWS:



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1 OK. Any comments on the Consent Calendar? All right. I don't see any. It's a fairly short  
2 one today.

3  
4 COUNCILMEMBER FLOREEN:  
5 A great one.

6  
7 COUNCIL PRESIDENT ANDREWS:  
8 All right. All those in favor of approval of the Consent Calendar, please raise your hand.  
9 And that is unanimous among all 9. Our next item is Item 3, which is the Council meeting  
10 as the Board of Health and introduction of a resolution to adopt a Board of Health  
11 regulation requiring a Health Impact Assessment for major road projects. Sponsored by  
12 Councilmembers Trachtenberg and Elrich and myself and Councilmembers Navarro and  
13 Ervin. The public hearing is scheduled for November 3 at 1:30, and I'll turn to  
14 Councilmember Trachtenberg, who is the lead sponsor of the measure.

15  
16 COUNCILMEMBER TRACHTENBERG:

17 OK. Thank you, President Andrews. I want to just make some very brief remarks on this  
18 regulation which is being proposed, and I actually want to thank my colleagues, both  
19 Councilmember Elrich and the Council President, Councilmember Ervin, and  
20 Councilmember Navarro for their co-sponsorship. Again, this regulation would require a  
21 Health Impact Assessment for major County and state road projects, and as many of us  
22 know, there is a growing body of information that correlates a wide range of health  
23 problems with close proximity to high-traffic roadways. This assessment would be  
24 conducted during the facility planning stage of a project--again, allowing the Council to  
25 consider this important information before any final recommendation and vote would be  
26 taken by the full Council. We've been asked by several people about what would be some  
27 of the road projects that would be affected with the passage of this regulation, and one of  
28 them would be the Mid-County Corridor, M-83, project, and I would state for the public  
29 record that there is quite a wealth of information available around this subject matter. In  
30 particular, on the CDC home page, there's a very lengthy body of information about HIAs  
31 and how they're being used across the country. This is very much an evolving public  
32 health practice. In fact, there are 56 jurisdictions that have either completed HIAs or are in  
33 the process of doing them, and what comes to mind are some of the road HIAs that have  
34 been done in both the Atlanta, Georgia, area and the Oregon--Portland, Oregon, area.  
35 There are a number that have also been done out in California, and recently one was  
36 completed on an actual Red Line expansion up in Baltimore, and that particular HIA,  
37 which was just released, speaks to the positive aspect of that project and the fact that it  
38 actually enhances population health. So again, these are tools that are being used, it's an  
39 evolving practice, and I thank my colleagues for their support, and I also look forward to

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1 what I consider--what I know will be a very robust conversation about what is important  
2 and critical in the protection of the health and well-being of those that we serve.

3  
4 COUNCIL PRESIDENT ANDREWS:

5 OK. Thank you, Councilmember Trachtenberg. Councilmember Floreen.

6  
7 COUNCILMEMBER FLOREEN:

8 Thank you. I just ask, whenever we take this up, that we get a fiscal analysis of this and  
9 that staff coordinate with the Council of Governments. We just weighed in on the issue of  
10 how you measure particulate matter and the like associated with roadway construction  
11 last week, so I'd like staff to make sure they take a look at that. Thanks.

12  
13 COUNCIL PRESIDENT ANDREWS:

14 Very good. All right. Thank you both, and without objection, the measure is introduced.  
15 We'll now move on to Legislative Session, day number 37, introduction of bills. There are  
16 no bills for introduction today, but we have one bill for final reading--Bill 31-09,  
17 Administration - Consideration of Bills, One Subject. The MFP Committee is  
18 recommending approval, and I'll turn to the chair of the MFP Committee, Councilmember  
19 Trachtenberg, for the committee's report.

20  
21 COUNCILMEMBER TRACHTENBERG:

22 OK. Thank you, President Andrews. There was a MFP Committee recommendation, 3-0,  
23 to approve the bill as introduced. Again, the worksession was on September 21. Again,  
24 just for the record, the Maryland constitutional--constitution requires that all laws enacted  
25 by the General Assembly contain only one subject, and this bill would simply apply the  
26 state constitutional standards to all bills enacted by the Council, and again, requiring them  
27 to contain only one subject. So it was a unanimous recommendation, Council President,  
28 and I would note for the record as well as that there was 6--there are 6 different sponsors  
29 to the bill, as well.

30  
31 COUNCIL PRESIDENT ANDREWS:

32 Thank you, Councilmember Trachtenberg. I wanted to just describe why I think this is an  
33 important measure. Montgomery County has long had a practice of limiting bills to one  
34 subject, but it is not in our law. We have had in the law, for about a quarter century, a  
35 requirement that regulations be limited to one subject, and as Councilmember  
36 Trachtenberg described, the state constitution has long had a provision limiting bills to one  
37 subject. I believe that that is a best practice in government because I believe that it allows  
38 a clean vote on issues and prevents situations which can happen where riders that are--  
39 have no relation to the bill that they're attached to are attached, either to stop the original  
40 bill or to get the rider through that wouldn't happen otherwise. So I think this is a good-

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1 government measure. It helps improve accountability and confidence of the public, I  
2 believe, and I'm very pleased that the Council appears poised to support it. So I thank my  
3 colleagues, and I'll turn now to Councilmember Floreen, and then Councilmember Knapp.

4  
5 COUNCILMEMBER FLOREEN:

6 Thanks very much. I don't have any problems with this bill--I think it's a fine bill--but I was  
7 not clear on whether or not we've had a recent episode where this has been an issue, or  
8 what one does when you have--are we clear on what one subject is? I mean, I'm not  
9 aware of--this is not an environment where we, you know, add on--it's not the federal  
10 environment, where we add on a provision to fund the Defense Department on a  
11 healthcare resolution and that sort of thing.

12  
13 COUNCIL PRESIDENT ANDREWS:

14 Right. And that's a good thing.

15  
16 COUNCILMEMBER FLOREEN:

17 That one I can--that one I understand, but I'm less familiar with any experience with--  
18 certainly in the past 7 years I've been here, I haven't seen that. Perhaps I've missed that,  
19 so...

20  
21 COUNCIL PRESIDENT ANDREWS:

22 OK. I'll give you an example.

23  
24 COUNCILMEMBER FLOREEN:

25 Is there--is there--if you could just--are we clear about what the problem is we're solving?  
26 Oftentimes in committee review of bills or various pieces of legislation, adjustments will be  
27 made, and other things will be corrected. Is--that's not precluded, I don't think.

28  
29 COUNCIL PRESIDENT ANDREWS:

30 No.

31  
32 COUNCILMEMBER FLOREEN:

33 But if we could--perhaps if you could respond to that. That would be helpful, I think, for the  
34 record.

35  
36 COUNCIL PRESIDENT ANDREWS:

37 Sure. Let me give an example of why this isn't an academic issue, and then I'll ask Mr.  
38 Drummer to address the definition of one subject, essentially, and how that's determined.  
39 Just actually this year, the County Executive sent over an omnibus bill that included 3  
40 different measures, one of which was already before the Council--the ambulance fee





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1 legislation--a second that dealt with changing how recordation tax revenues were used,  
2 and the third--I'd have to check to see what it was, but it was a separate subject, as well.  
3 So as Council President, I split the bill up, introduced the two portions that were not  
4 already here, and that's how that worked. So that was this spring.

5  
6 COUNCILMEMBER FLOREEN:

7 Fine. Fine. Well, we should certainly coordinate with the Executive, or at least tell our staff  
8 we won't take bills like that, period.  
9

10 COUNCIL PRESIDENT ANDREWS:

11 Well, I think this will ensure that the policy outlasts us, and at least until the next Council,  
12 which can--always has the option to change what we do, as we do, but I think having it in  
13 law is much stronger protection than simply following tradition. So let me now turn to Mr.  
14 Drummer for his explanation of how "one subject" would be assessed.  
15

16 ROBERT DRUMMER:

17 Well, it's been in the state constitution since 1851, and there's been a series of court  
18 decisions. It's essentially the court will look at it on a case-by-case basis and do an  
19 analysis. The Court of Appeals has held that a subject--two subjects that are both related  
20 to the same overall subject is a one-subject bill, and the courts, you know, do an analysis  
21 of the two subjects and whether they're related. I gave two examples of recent court  
22 decisions in the packet, one going one way and one going the other way, so you can get  
23 some idea of the differences. And, you know, the most recent example--well, the example  
24 I put in about two subjects where the court struck down the bill as two subjects was in  
25 1990, a Prince George's case that came out of provisions dealing with Prince George's  
26 County where a statute, a state law dealing with the Prince George's County transfer tax  
27 was going through the General Assembly, and at the end, they tacked--someone tacked  
28 on a bill about ethics provisions for County Councilmembers in Prince George's County,  
29 and the court held that that was two separate subjects. The argument by the state in  
30 defending it--the Attorney General, of course, is required to defend the law--was that it all  
31 dealt with the regulation of the County government in Prince George's County, and the  
32 court held that wasn't--that was too far apart. You know? So that's the kind of situation  
33 where the courts will strike it down. On the other hand, I gave another example of a case  
34 where the court held that two--you know, bills that were attached together, again at the  
35 last second, one dealing with privatizing child-support collection in Baltimore--I think in  
36 one county--was attached to a different bill that had something to do with requiring job  
37 training for recipients of welfare payments under the AFDC Program. The court held that  
38 that was connected because they both were dealing with the same issue of how do we get  
39 people on welfare to get off welfare and get other income, either child support or job  
40 training so they could get jobs. So in that case, the court found that there was a

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1 connection. So it's really a factual, case-by-case basis. But there is a lot of case law on it,  
2 so it's not something new, and this bill is very--the language is very similar to the state  
3 constitutional provision.

4  
5 COUNCIL PRESIDENT ANDREWS:

6 OK. Well, thank you for the questions, and I'll just note that Councilmembers, to the best  
7 of my knowledge, have always followed the practice of limiting legislation to one subject  
8 and I think that's worth noting, and this will institutionalize it. We had very compelling  
9 testimony, I thought, from Mr. Dwight Cramer who pointed out how there have been very  
10 serious problems at the federal level with the lack of one subject. He cited the D.C. voting  
11 rights issue as an example where gun riders, gun-control riders, have been attached to  
12 D.C. voting rights legislation by opponents of the measure to jam it up, and that's not what  
13 you want to see. Whether you're for it or against it, you ought to have a clean vote on an  
14 issue. So that's really, I thought, a very compelling argument. Councilmember Knapp.

15  
16 COUNCILMEMBER KNAPP:

17 Thank you, Mr. President. I appreciate the introduction of the legislation that you  
18 sponsored and appreciate the remarks of Miss Floreen. I guess that would be-- the only  
19 thing I would add would be kind of building upon what Miss Floreen had indicated. As  
20 you've said, this codifies something that has generally been our practice, and I think it's  
21 important when we do something like this to reaffirm that that has been our practice, that  
22 there hasn't been a spate of bills that have been Christmas treed, if you will. I think it's  
23 important because sometimes people generally will seek to find what problem are we  
24 solving, and the reality is, this is really just codifying the good practices that this County  
25 has undertaken for many, many years, and I appreciate your bringing this to our attention  
26 and making sure that we basically get into law what our practice has been.

27  
28 COUNCIL PRESIDENT ANDREWS:

29 Thank you for those comments. That's exactly right. OK. I don't see any other comments,  
30 so we're ready for the vote on Bill 31-09. Will the clerk please call the roll?

31  
32 CRYSTAL BROCKINGTON:  
33 Miss Navarro.

34  
35 COUNCILMEMBER NAVARRO:  
36 Yes.

37  
38 CRYSTAL BROCKINGTON:  
39 Mr. Elrich.

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1 COUNCILMEMBER ELRICH:  
2 Yes.  
3  
4 CRYSTAL BROCKINGTON:  
5 Miss Trachtenberg.  
6  
7 COUNCILMEMBER TRACHTENBERG:  
8 Yes.  
9  
10 CRYSTAL BROCKINGTON:  
11 Miss Floreen.  
12  
13 COUNCILMEMBER FLOREEN:  
14 Yes.  
15  
16 CRYSTAL BROCKINGTON:  
17 Mr. Leventhal.  
18  
19 COUNCILMEMBER LEVENTHAL:  
20 Yes.  
21  
22 CRYSTAL BROCKINGTON:  
23 Ms. Ervin.  
24  
25 COUNCILMEMBER ERVIN:  
26 Yes.  
27  
28 CRYSTAL BROCKINGTON:  
29 Mr. Knapp.  
30  
31 COUNCILMEMBER KNAPP:  
32 Yes.  
33  
34 CRYSTAL BROCKINGTON:  
35 Mr. Berliner.  
36  
37 COUNCIL VICE PRESIDENT BERLINER:  
38 Yes.  
39  
40 CRYSTAL BROCKINGTON:

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1 Mr. Andrews.

2  
3 COUNCIL PRESIDENT ANDREWS:

4 Yes. The bill is approved, 9-0, and I thank my colleagues for their support. Our next  
5 measure will be Item 5, which is action on a special appropriation to the Maryland-  
6 National Capital Park and Planning Commission's FY10 Operating Budget, Department of  
7 Parks, Enterprise Fund - \$150,000 for the Sligo Creek Golf Course. Source--General  
8 Fund. PHED Committee recommendations are now available, and I'll turn to the chairman  
9 of the PHED Committee, Councilmember Knapp, for the committee's report.

10  
11 COUNCILMEMBER KNAPP:

12 Thank you, Mr. President. I assume there will be some comments on this from a number  
13 of folks. This has been a topic that has engendered a fair amount of interest, both within  
14 the community that is immediately affected and more broadly. I forget the exact  
15 timeframe, but a few years ago, the Council moved to have--take the golf courses from  
16 the Parks Department and have them administered by the Revenue Authority in an effort  
17 to try to move away from subsidizing golf in the County. There was, in the course of the  
18 lease that had been approved, a provision that said that the Revenue Authority, could, at  
19 a time certain, look at the golf courses, look at the revenue those golf courses were  
20 generating, and to determine if there were any that were detrimental to the overall service  
21 of the operation, and if so, could then transfer those courses that were deemed  
22 detrimental back to the Parks Department for further--reacquisition and determination as  
23 to what the program should be. This came back to the Council this spring. One of the  
24 courses that had been identified as one that was not operating at a financial level that was  
25 deemed appropriate was the Sligo Creek Golf Course. The Council said, let's see if there  
26 was time through the--let's keep it open through the summer, and we will get to a point on  
27 October 1 to see if there was a determination to be made. October 1 is quickly coming,  
28 and there was great concern on the part of the community as to whether or not this golf  
29 course would be closed. There have been a lot of efforts, primarily by the Councilmember  
30 immediately to my right, the Councilmember from District 5, who represents this area,  
31 Miss Ervin, to identify some alternatives. In particular, she came up with, I think, an idea  
32 that people are very interested in as it relates to providing a golf course for disabled  
33 veterans, and I think that is something that has merit and people are pursuing. Other  
34 Councilmembers-- Councilmember Leventhal, Councilmember Floreen--have been  
35 working to identify various alternatives, as have, during the course of the last 6 to 9 to 12  
36 months, the folks from the Parks Department under Mary Bradford's leadership and from  
37 the Revenue Authority under Keith Miller's leadership, who both have been working with  
38 the community toward trying to identify various alternatives. As we're currently scheduled  
39 as of October 1, there is no way to pay for the golf course currently identified. In an effort  
40 to try to ameliorate at least a portion of that, the County Executive sent over a



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1 supplemental appropriation for--or a special appropriation request for \$150,000 which, at  
2 least as I understand it, not having seen a breakdown of the numbers, that would keep the  
3 golf course open until sometime in the summer, I guess until the next fiscal year, at which  
4 point--

5  
6 UNKNOWN SPEAKER?????:  
7 The end of the fiscal year.

8  
9 COUNCILMEMBER KNAPP:

10 Till the end of the fiscal year, at which point I've heard the Executive branch indicate if  
11 there's not a resolution, they would submit another--they would put another \$150,000. or  
12 some number, in the budget that they will submit in the spring to continue for another year  
13 to get some resolution. We have two elements that we'll actually be addressing. One is  
14 the appropriation, and then immediately following is a resolution that was talked about at  
15 the PHED Committee on last Thursday and that was introduced by--I believe it will be  
16 introduced by Miss Ervin, but we did discuss it, and we'll have a recommendation along  
17 those lines. I think the committee was concerned that to just approve \$150,000 without a  
18 plan wasn't something that they wanted to do, so the resolution actually identifies the plan  
19 as to what will happen next once the resources have been appropriated. So the  
20 committee voted on the \$150,000 special appropriation. The majority of the members of  
21 the Planning, Housing, and Economic Development Committee recommended approval of  
22 this special appropriation because they believe the Sligo Creek Golf Course is an  
23 important community asset that should be kept operational while options are explored. I  
24 also support the Sligo Creek Golf Course, but oppose the approval of a special  
25 appropriation because at this point, given the fact that last week we also received a letter  
26 from the CAO to all department heads in various agencies asking for reductions up to 5%  
27 of the department agency budgets, it was unclear to me at this time how this would  
28 compete relative to those other issues that we're addressing in a very difficult budget year,  
29 but more importantly, in the absence of a plan, it wasn't clear to me that 150,000--what  
30 \$150,000 pays for. The resolution that we're going to address shortly identifies a  
31 timeframe in which a task force will make recommendations back to the Council, and it  
32 seemed to me to make more sense to have an appropriation that would tie to the working  
33 of that task force, at which point when a plan comes forward, an appropriation that would  
34 be appropriate to implement whatever recommendations come from that group, as  
35 opposed to just putting \$150,000 out there for the next 9 months, whether or not it's  
36 needed. That didn't make as much sense to me. So it was approved--the \$150,000 was  
37 approved by the committee by a vote of 2-1. And that is the committee's report, Mr.  
38 President.

39  
40 COUNCIL PRESIDENT ANDREWS:



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1 Thank you, Chairman Knapp. All right. Does anyone else wish to comment? I'll have a  
2 couple of comments at the end, but Council Vice President Berliner.

3  
4 COUNCIL VICE PRESIDENT BERLINER:

5 I want to commend the District Councilmember for her leadership on this issue. I do think  
6 it is a difficult issue for all of us. It is one that--it's hard to figure out what is the County's  
7 appropriate policy when it comes to golf and whether or not we are going to be in a  
8 situation where we're going to permanently be subsidizing golf. I don't believe we are, and  
9 I don't believe we should, but I also believe that this is an incredibly important asset that  
10 we haven't quite figured out how to maximize. I shared with my colleague that yesterday I  
11 went to the golf course and drove the golf course and talked with a bunch of golfers on the  
12 golf course, because I was particularly struck as a golfer--and I am a golfer; I love golf--by  
13 how inexpensive it is to play golf there. And I recognize that we're not exactly talking about  
14 Pebble Beach quality. It is--it is a golf course, and it--actually, I found it to be lovely. I  
15 found the greens to be in good shape. I thought it was in remarkably good shape and that  
16 people were clearly enjoying it, and people from all socioeconomic backgrounds were  
17 enjoying it. That's one of the things that strikes you immediately. In my--as I drove around  
18 the golf course, I spoke with literally everybody on the course and asked them if they  
19 were--would be prepared to pay a little more as part of their contribution to the County's  
20 effort to keep this golf course going while we figured out a long-term solution, and I was  
21 struck by the fact that absolutely everybody I asked that question to said yes, that they  
22 would pay more. On a Monday afternoon, I believe the fee for 9 holes was \$17, and  
23 people were sharing a cart, and so it was something on the order of a \$25 fee to play golf  
24 that afternoon, and literally everybody said that they would pay \$35 to do that, and I  
25 thought, well, that should be explored as part of what we do here, part of what we ought to  
26 think of in terms of a shared sacrifice, if you will, to...for the County to put these dollars in,  
27 maybe the people who play there and enjoy it--rightfully so--should maybe pay a little  
28 more, as well. I probed this with Mr. Miller, and maybe he could come forward this  
29 morning, because it seemed to me something that ought to be explored, and in my  
30 conversation with Mr. Miller--and I would appreciate it if you'd repeat it for the record--his  
31 observation was, well, if you will, been there, done that. Last year, you increased the fees  
32 by \$4, and you found that your overall revenues went down. So my objective is not to  
33 have less revenue come in, and if it is your professional judgment at this moment in time  
34 that we have, in fact, reached the proper price point for this 9-hole experience, then I need  
35 to defer to your good judgment with respect to this, but I would ask you to speak to it.

36  
37 KEITH MILLER:

38 Sure. I'd be happy to. Thank you. The--last year, part of the recommendations when we  
39 worked with the Sligo Creek Advisory Group was to raise fees, increase fees, by a dollar  
40 or two dollars per round. We did increase those fees, and the rounds--basically, in the way

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1 the rounds fell for Fiscal Year 2008, there was about 29,000 rounds. During that period of  
2 time, we had invested a significant amount of money. When we originally took over the  
3 golf course, people were complaining about the conditions of the golf course. We listened  
4 to them. We invested a significant amount of money in the operations of the golf course, in  
5 improving the conditions and making sure the conditions were pristine. We did see a  
6 positive result from that in 2008. Rounds went up to 29,000 rounds. It had revenues of  
7 over \$600,000 in revenues. However, the cost factor of maintaining the golf course at that  
8 level offset the revenue benefits of those raises. In 2009, a recommendation had come  
9 forward to increase fees at the golf course, which we did in 2009. 2008, rounds of  
10 \$29,000, revenues over \$600,000. 2009, rounds of 24,000 and revenues of \$540,000.  
11 There are other items, as we discussed just briefly. There are other items that impacted  
12 that, as well, but again, the conclusion--one of the conclusions we made is as you raise  
13 rates, and one of the things that we discussed, you're not dealing with a golf course that is  
14 alone and a golf course in a system. You're dealing with other competitors in the  
15 marketplace. So you're dealing with other--excuse me--other options that the golfers have.  
16 If you start raising rates, then the golfers have other resources to go to play golf at a lower  
17 rate, and that's what you kind of see. We deal with that in our system throughout.

18  
19 COUNCIL VICE PRESIDENT BERLINER:

20 I appreciate--I appreciate that. I had been exploring the possibility of offering a formal  
21 amendment to this resolution to try and see whether or not we could raise rates, and  
22 clearly, I don't believe we're in a position to do so. Let me ask a related question, because  
23 while I was there, again--and this is very anecdotal, and you have far more experience in  
24 the conversations with the community with respect to this, but I did sense from the Sligo  
25 Creek golfing community--again, in this sort of informal manner--that they are more than  
26 happy to contribute. One individual who gave me his card, and I'll give to--that they would  
27 literally--they would do fundraisers, and they would like to do fundraisers. They would like  
28 to contribute to the ongoing sustainability of this golf course. To what extent is that  
29 something that you have explored and would welcome and would be part of what had  
30 been looked at? Again, I come at this removed from the deliberations both in the PHED  
31 Committee and in the community directly, but I get that these people love this course, are  
32 committed to it, and want to contribute. Do we have a means by which they can do so?

33  
34 COUNCILMEMBER KNAPP:

35 We did not have this course of conversation in the committee, but I guess the question is,  
36 are you moving toward some type of a motion to modify the special appropriation request,  
37 or...

38  
39 COUNCIL VICE PRESIDENT BERLINER:



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1 Well, I want to hear the answer to the questions first, and then I can determine whether  
2 there's a basis to do so, but my--so if there is, I would ask Mr. Miller whether you explored  
3 that. If that's within your authority to do so, do you need additional--do we need additional  
4 authority to encourage this kind of private/public partnership that could help defray some  
5 of the costs with respect to this?

6  
7 COUNCILMEMBER ERVIN:

8 I just wanted to respond quickly before Keith goes any further. We're going to take this up  
9 in the resolution in 5.1 in just a second, but that's why we want to establish a task force, to  
10 work through some of these issues, so I will reserve the rest of my comments for the  
11 resolution.

12  
13 KEITH MILLER:

14 If you would like me to respond to it--as far as the community and getting involved and  
15 being involved in that, and mechanisms to doing so and doing outings and things of that  
16 nature as fundraisers, the community has organized recently under the Sligo Creek Golf  
17 Association. They did have two outings recently at the facility. We worked with them to get  
18 them out there and to do that. So they are trying to raise funds. The question ultimately  
19 comes down to the sustainability, which I think is what everybody is looking for--the true  
20 sustainability of the golf course. As we reviewed the property and reviewed--I would like to  
21 go back, if I may just briefly, go back to...The Revenue Authority, when we took over these  
22 golf courses, took over the 4 Park and Planning golf courses, we were required to look at  
23 all 4 golf courses and come up with a master plan and a review of the 4 golf courses. We  
24 did so. In doing so, we looked at Sligo Creek. The reason why Sligo Creek was different  
25 for us was because the amount. Number one, it was losing money and had been losing  
26 money since 2000 under Parks operation, and it was continuing to lose money. When we  
27 went down and looked at the facility, the facility was in major need of fixed-asset  
28 contributions. I mean, the golf course was run- down. It was neglected. We had to get in  
29 there and redo that. In doing that, we wanted to look at a potential on how do we solve the  
30 fiscal problems that are at the golf course that Parks faced and we were now facing, with  
31 the takeover of the golf courses. We came up with a plan that we thought was--would--  
32 was, you know, very much the plan to solve the problem--the addition of the driving range,  
33 rerouting it, keeping it 9 holes, adding a driving range. We even proposed adding a  
34 miniature golf component to it to add a family value to the community. We proposed this,  
35 and the community resisted it. We believe, and we state with--National Golf Foundation  
36 has concluded, as well, there needs to be additional revenue streams. To your point of,  
37 can you do that through private fundraising? Can you do that through a change to the  
38 facility? We believed in our solution that we believed there was a way to improve the  
39 facility, do the renovations that were needed, and create a facility with additional revenue  
40 streams to cover its costs, in addition to that. You have an operational--yearly operational



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1 deficit that you have to fix, but you have a major infrastructure need. You were there. You  
2 got to see the clubhouse. You got to see what that looks like. You got to see the golf  
3 course, you got to see the bunkers, so on and so forth, which the community, again, was  
4 just writing me about. So I think there needs to be a group effort. That's why we supported  
5 the County Exec's recommendation to do the special appropriation. Put a task force  
6 together. Let's take another look at it. Let's go back to the community. We did put together  
7 a task force. We did spend a year in doing that and trying to work with the community, so  
8 we welcome this. We welcome what is happening here, but it needs another--we need to  
9 take another look at it.

10  
11 COUNCIL VICE PRESIDENT BERLINER:

12 I appreciate it, and I appreciate that, as my colleague observed, most of this is going to be  
13 addressed in the concurrent resolution, if you will, with respect to the task force, and it  
14 seems clear that I think that we want--my colleagues--or at least I am going to support this  
15 appropriation. I'm not going to offer any amendments to it, Mr. Chairman, and I will look  
16 forward to the good work led by my colleague on this task force to see if we can, because  
17 I do believe we should be able to find a way to make this a sustainable venture. So, thank  
18 you, sir. Thank you.

19  
20 COUNCIL PRESIDENT ANDREWS:

21 Thank you, Council Vice President Berliner. Councilmember Floreen.

22  
23 COUNCILMEMBER FLOREEN:

24 Thank you. I think it's really important to consider this--this special appropriation in the  
25 context of the next resolution, where Councilmember Ervin has taken the lead, and we'll  
26 get to that momentarily. I think it needs to be understood that it's a package, and that it's a  
27 package without promises. I think we collectively are struggling with what staff has  
28 noticed--notified us or reminded us about the Executive's identification of a 20 million--\$30  
29 million reduction in this year's budget. Front page of the--in the "Post" today, a story about  
30 families who'd never had to go to Manna Food Bank before, ever. They're struggling with  
31 that. And on the other hand, we have a community of avid, committed activists who are  
32 trying very hard to preserve something that's important to them, and I think the challenge  
33 that we all face here is trying to find a balance that will get us through this, get us to a  
34 solution within a constrained time, and I just want to make those points because I think we  
35 all collectively are worried about how we--how this is perceived by the community at large,  
36 as well as the community immediately affected by the decisions that we make. And I think  
37 that with good direction within a task force and a clear schedule for resolution, we will get  
38 ourselves to a place where we can resolve this. The PHED Committee struggled with this  
39 issue for many years. All these issues have come up one way or the other in one  
40 environment or the other, and I know what the challenges are. I think there are some new

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1 ideas, though, that bear tremendous inquiry, and I think this is going to get us going,  
2 hopefully to a meaningful, incredible solution that balances the fiscal equities  
3 appropriately. So let's get going on this part, and we'll hear from Miss Ervin, I know, in a  
4 minute about her resolution, but I think everyone has to give a little bit in this, and we will  
5 get to revisit this, I guess, in January.

6  
7 COUNCIL PRESIDENT ANDREWS:

8 I'm sure we're going to hear from everybody on this one. Thank you, Councilmember  
9 Floreen. Councilmember Elrich is next.

10  
11 COUNCILMEMBER ELRICH:

12 Yeah, I'd like to add my name as a co-sponsor on the resolution. I think this is the right  
13 thing to do. I'll note that, of all the golf courses we operate, from 2007, all but two have  
14 had declines in rounds. Last year, one had virtually no change, two had a slight uptick, but  
15 almost every other golf course had a decline in rounds. So whatever is being said about  
16 Sligo--I mean, did you raise fees at other golf courses?

17  
18 KEITH MILLER:

19 I think your point is well-taken. I think golf courses, and what we struggle with in the  
20 County, is the decline in golf rounds. To your point, if you look back to late 1998 to 2002,  
21 there was over 400,000 rounds a year in the golf course system. There is now under  
22 360,000 rounds in the golf course system. It's part of what we struggle, as we look at the  
23 golf courses, and, you know, the question goes back to, how many golf courses do you  
24 need in Montgomery County? So there's a Sligo discussion, and there's also a golf course  
25 discussion, so to your point, yes, rounds are down. There's no question about it. It's an  
26 industry trend. It's--you know, it's what's happening throughout the country.

27  
28 COUNCILMEMBER ELRICH:

29 Did you raise fees on the other courses?

30  
31 KEITH MILLER:

32 Some golf courses raised fees. Some golf courses' fees were modified. The way we work  
33 our fees, just so that everybody understands, is, we analyze every golf course's utilization  
34 by two-hour segments, by day of the week, and time of the day. We utilize--so we are  
35 constantly analyzing what fees are being charged to maximize the revenues as well as to  
36 create the opportunity for the public to enjoy the assets. So it's a balancing act that is  
37 done throughout, all the time.

38  
39 COUNCILMEMBER ELRICH:



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1 I'm only raising this because, I mean, the circumstances around Sligo I don't think actually  
2 are unique, and so to say that the rounds are down or you made less money, if I'm  
3 reading this correctly, I would probably say the same thing for virtually every golf course in  
4 the system. And so there are two discussions--there's a Sligo discussion, and there's a  
5 system discussion. What I hope at the end of the day is that this isn't a plan, basically, to  
6 treat Sligo as a place to shut down in the hopes that you will drive these rounds to other  
7 courses, because that's--that may work from a system perspective, but it doesn't  
8 necessarily work from a community perspective where you're trying to distribute services  
9 throughout the community and not simply have high-end courses in parts of the County  
10 that many, many people won't be able to get to. There are unique things about Sligo. I've  
11 played it also, with Roger. I'm sure Roger plays it a lot better than I do, because I've seen  
12 Roger--

13  
14 COUNCILMEMBER FLOREEN:

15 He's a very good golfer.

16  
17 COUNCILMEMBER ELRICH:

18 I've seen Roger drive, and Roger's drives are straight, and mine are not, and I love Sligo.  
19 Where else could I play from the opposite--the opposite fairway--the opposite fairway and  
20 still have a clean shot at most greens? So I really do appreciate Sligo's value for that. But I  
21 think that, you know, we need the time, and I assume this task force is going to be under  
22 the Council, and I think that it's important that it be independent and created that way and  
23 that everybody have a stake at the table. So I'd appreciate being added as a co-sponsor  
24 of this, and I think this is the right direction to go in.

25  
26 COUNCIL PRESIDENT ANDREWS:

27 OK. So noted. Thank you, Councilmember Elrich. Councilmember Leventhal.

28  
29 COUNCILMEMBER LEVENTHAL:

30 I will have more to say when the resolution comes before us, but I thought, just to clarify,  
31 for those who may be watching on television, Mr. Berliner offered a couple of suggestions,  
32 and many of us over the last few months who have been looking at this have thrown out  
33 suggestions--why not this, why not that? It seems like a simple problem to solve, and the  
34 more those of us who have spent a lot of time on it have looked at it, the more we felt that  
35 this task force was useful in that we could put all of the suggestions on the table with  
36 knowledgeable people and face some hard realities. So the reason that raising greens  
37 fees at one course might not work to cover the shortfall is that people will make a  
38 decision--those who are golfing there on a given day may say, "Oh, well, I love this  
39 course. It's right near my house. I'll pay more." But we're losing overall. The number of  
40 golfers is going down, and so an individual golfer may make a judgment as to which



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1 course he or she will play based on the fees. So it's the people who weren't there that day  
2 that we're trying to attract, not the people who were there who find Sligo maximally  
3 convenient and desirable for them, and for those people, a higher price point would push  
4 them away and push them to other golf courses, which would not solve the problem for  
5 Sligo. With respect to community fundraising, we have a number, in the Silver Spring  
6 area, of County assets that the community has proposed, "Well, we'll just hold private  
7 fundraisers. We'll do events. We'll do a dance. We'll put on a show. We'll have a  
8 fundraiser," whatever it is. Just to clarify, Keith Miller pointed out, the real problem is not  
9 the operating shortfall. The real problem is we need to invest \$2 million in capital in the  
10 near term, within the next year or two. So when the County Executive suggests that we  
11 can just put this problem off into the future for \$150,000, we can do that if the irrigation  
12 system doesn't break down, and while doing it, golfers are complaining about the poor  
13 state of the facility. And again, that gets to the first issue, which is, you know, a golfer is  
14 going to make a decision on the margin about where do I want to golf, you know, this  
15 afternoon, and as the facilities deteriorate further at Sligo, the more we lose golfers. So  
16 the community might very well be able to raise \$150,000, although that's not an easy task,  
17 but it can't raise 2 million. It just doesn't have the capability of doing it. So I just wanted to  
18 clarify those points in response to Mr. Berliner's question, and I'll have more, Mr.  
19 President, to say after the resolution is before us.

20  
21 COUNCIL PRESIDENT ANDREWS:

22 OK. Thank you. Councilmember Navarro.

23  
24 COUNCILMEMBER NAVARRO:

25 Just briefly, I want to echo many of the comments of my colleagues. For me, it's important  
26 here also to recognize that there are many assets in the downcounty area, in the Silver  
27 Spring area--community assets that we should try, as much as possible, to preserve, and I  
28 think the fact that there is this task force--and I'm not a golf expert, nor am I somebody  
29 that can, you know, offer some specific technical assistance to what should be done. I do  
30 look forward to the task force recommendations, and I do want to commend  
31 Councilmember Ervin from that particular district for her leadership, because it is a  
32 struggle for us, knowing that we very soon have to take on some very, very extreme cuts,  
33 possibly, and so I think it's important for the community to understand that this is part of  
34 that balanced approach that we have to take and that as this task force reports back, you  
35 know, there may be things that we're going to be able to do forward to sustain or support  
36 this golf course, but there may not be, and so we have to be realistic. But I think it's a  
37 measured approach, and I hope that the task force will contain the expertise necessary to  
38 answer most of our questions so that we can have a clear view of what to do going  
39 forward. So, thank you.

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1 COUNCIL PRESIDENT ANDREWS:

2 Thank you, Councilmember Navarro. Councilmember Trachtenberg.

4 COUNCILMEMBER TRACHTENBERG:

5 Thank you, President Andrews. Just very briefly, I want to state for the public record that  
6 I'm pleased to join my colleagues in support of the appropriation that is before us at this  
7 time, and what I really want to commend is the leadership of Councilmember Ervin. But I  
8 also want to commend the activity within the community. This is one of those instances  
9 where people have come together. They have come together in one voice with great  
10 purpose and energy, and that is not to be missed. It is to be appreciated. I would also  
11 agree with some of the comments that have been made by other colleagues this morning  
12 that in the months ahead, no doubt, we're going to have some very difficult conversations  
13 about finding the right balance--the right balance in responding to communities like the  
14 Sligo community, but also addressing the growing needs, the incredible needs that  
15 continue to emerge in this County during this difficult fiscal time. But I am convinced that  
16 with the formation of the task force, we will be up to the charge, and we will find the right  
17 solution. And again, I just want to express my gratitude to my colleagues--Councilmember  
18 Ervin in particular--the community, and I know the work that will be done by the task force  
19 will be important work, indeed, and I would ask, respectfully, to be added as co-sponsor to  
20 the resolution for the formation of the task force.

22 COUNCIL PRESIDENT ANDREWS:

23 OK. So noted. Thank you, Councilmember Trachtenberg. Councilmember Knapp.

25 COUNCILMEMBER KNAPP:

26 Thank you, Mr. President. Just a further clarification relative to a couple of comments that  
27 have been made. By voting on the special appropriation and ultimately on the resolution  
28 that we'll act upon next, it addresses one set of issues as it relates to Sligo. The reality is,  
29 and I think Ms. Floreen alluded to this--golf has been a topic of conversation at the PHED  
30 Committee for the last 5 years.

32 COUNCILMEMBER FLOREEN:

33 7.

35 COUNCILMEMBER KNAPP:

36 7 years. And the reality is that the issues that started the conversation 7 years ago  
37 remain, first of which is fiscal, second of which are the policy issues associated with  
38 subsidizing golf and looking at golf in the totality of the system, and then we're still going  
39 to have to address the issues associated with Sligo. And so while we are taking certain  
40 actions to address one piece today, we are going to continue as a committee to monitor

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1 this in the coming months and continue to look at the totality of these issues, not just the  
2 singular nature of the Sligo Creek Golf Course.

3  
4 COUNCIL PRESIDENT ANDREWS:

5 OK. Thank you, Councilmember Knapp. I appreciate all my colleagues' comments. I draw  
6 a different conclusion from some of the facts that were mentioned, and I agree very much  
7 with the Park and Planning position, and I agree that we have to recognize, as the  
8 Revenue Authority does, that the number of rounds of golf is declining nationally and  
9 locally. The conclusion I draw from that is that we're overbuilt in terms of golf courses and  
10 that we have to confront that. It's been the County's policy not to subsidize golf. I've long  
11 supported that view. I still do. I think that--and the same for indoor tennis. Those are  
12 facilities we treat as enterprise activities that should pay for themselves, and that, I think,  
13 is the right policy. I think that the challenge now will be to figure out how this fits into the  
14 rest of the budget. We have a \$364 million budget gap projected for next year in the  
15 Operating Budget. We're going to get a savings plan from the County Executive in a few  
16 weeks that will recommend cutting about \$20 million in County funding, and so, I think that  
17 we have to recognize if we're going to be consistent with the policy, that we're going to  
18 have to adjust to the market when it comes to the demand for golf. I supported the  
19 Revenue Authority's proposal a couple of years ago, when it made the proposal to add  
20 golfing activities to the Sligo Golf Course to save it, which were to add a driving range and  
21 I think a miniature golf course, and I thought that made a lot of sense. What better way to  
22 try to save golf than to add golf to a golf course? That proposal did not fly, and here we  
23 are. So we're going to have the vote in just a minute, and it's clear how it's going to go,  
24 and I appreciate the different points of view expressed by my colleagues to my own, but I  
25 do draw a different conclusion. Councilmember Ervin, I think, has the last word on this  
26 one. No? You're ready for the next one. OK. All right. We're going to vote now on the  
27 supplemental--on the special appropriation of \$150,000 for the Sligo Creek Golf Course.  
28 All those in favor, please raise your hand. That's Councilmember Navarro,  
29 Councilmember Elrich, Councilmember Trachtenberg, Councilmember Floreen, Council  
30 Vice President Berliner, Councilmember Knapp, Councilmember Ervin, Councilmember  
31 Leventhal. Opposed--me. So...

32  
33 COUNCILMEMBER FLOREEN:

34 Which way are you voting?

35  
36 COUNCILMEMBER KNAPP:

37 I'm voting--I'm voting in opposition.

38  
39 COUNCIL PRESIDENT ANDREWS:

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1 All right. Very good. So it's 7-2, Councilmember Knapp and myself opposed. All right. We  
2 were voting on the special appropriation, and now we're going to turn to the task force  
3 resolution, and I'll turn to Councilmember Ervin for comments on that. This is Item 5.1 on  
4 the agenda.

5  
6 COUNCILMEMBER ERVIN:

7 Thank you very much. Council President Andrews, I move to waive the rules to consider  
8 action on the resolution in 5.1.  
9

10 COUNCILMEMBER FLOREEN:

11 Second.  
12

13 COUNCIL PRESIDENT ANDREWS:

14 OK. Proposed by Councilmember Ervin. Seconded by Councilmember Floreen. All those  
15 in favor of waiving the rules to allow consideration today on the resolution, please raise  
16 your hands. That is unanimous.  
17

18 COUNCILMEMBER ERVIN:

19 Thank you very much. I want to take this opportunity to thank all of my colleagues on the  
20 Council. This has been an ongoing conversation over the last two years regarding the  
21 Revenue Authority and the issues surrounding Sligo Creek Golf Course. I especially want  
22 to thank the PHED Committee for its hard work and its deliberation and in leading to  
23 actually what I'm going to say next about the resolution. The people in the community  
24 surrounding Sligo Creek Golf Course and golfers from around the County should be  
25 commended for their advocacy, and the efficacy of that advocacy, which we're dealing  
26 with right now, so I want to thank you all. We've heard you. We've heard you loud and  
27 clear. We understand that Sligo Creek Golf Course really is a jewel in our community, and  
28 so we have to roll up our sleeves now and get to work, and that's what this resolution will  
29 address. I want to talk about the action that we're going to vote on here in a second, and  
30 that is a resolution to create the task force. This task force is going to consist of no more  
31 than 17 members, appointed by the County Council, to include at least one representative  
32 from the following: the County Council staff, the County Executive staff, MNCCPC,  
33 Department of Parks, the Montgomery County Revenue Authority, the County  
34 Commission on Veterans Affairs, the Maryland Department of Veterans Affairs, the Sligo  
35 Creek Golf Association, Friends of Sligo Creek, North Hills of Sligo Creek Civic  
36 Association, the Presidents' Council of Silver Spring Civic Associations, the First Tee of  
37 Montgomery County, and the Salute Military Golf Association. The County Council will  
38 provide staff for this task force and will be reporting on that in about a week. This task  
39 force must develop a report to the County Council that includes recommendations that will  
40 lead to the future self-sustainability of Sligo Creek Golf Course. The task force must: 1,

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1 review course revenues, usage rates, and fees; 2, evaluate the costs associated with  
2 operating and managing Sligo Creek Golf Course; 3, identify essential capital  
3 improvements required to keep the course operational over the next five years; 4,  
4 evaluate what similar jurisdictions have done to manage public golf courses; 5,  
5 recommend potential public/private partnerships that would make the course financially  
6 viable; and 6, recommend golf course enhancements that may be necessary to make the  
7 course financially viable that do not impact the quality of life of the neighboring  
8 community. The task force will submit its report to the County Council on or before  
9 January 19, 2010. This report must recommend an implementation plan that will lead to  
10 the self-sustainability of Sligo Creek Golf Course and provide the cost estimates to  
11 implement the recommendations of the task force. Any recommendations in this report  
12 that do not include a self-sustaining plan must identify and justify ongoing cost to the  
13 County. And as you've all heard from several of my colleagues, the current budget crisis  
14 that we're going to have to deal with in the upcoming budget, and so while we all support  
15 keeping the course open, these are very, very difficult times that we're in right now, and so  
16 we really expect that you will roll up your sleeves and get to work and report back to the  
17 Council on or before January 19 of 2010. So again, I want to thank all my colleagues and  
18 all the members of the community and golfers from across the County, and for the  
19 \$150,000 special appropriation that we just voted on is only going to last until June of  
20 2010. We don't have a lot of time, so hopefully we'll all be able to get together and work  
21 together as a team to do what you all want us to do, and that is to find ways to keep this  
22 course open. So with that, I will turn it over to my colleagues.

23  
24 COUNCIL PRESIDENT ANDREWS:

25 OK. I'll turn to the chair of the PHED Committee first. Councilmember Knapp.

26  
27 COUNCILMEMBER KNAPP:

28 Thank you, Mr. President. There was not a resolution that had been introduced into the  
29 Council at the time that the committee undertook this discussion, but we did discuss a  
30 draft of the resolution, and it was a 3-0 recommendation that should the resolution be  
31 introduced today, that we would be supportive of it, so it's a unanimous recommendation  
32 of the committee.

33  
34 COUNCIL PRESIDENT ANDREWS:

35 OK. Thank you, Councilmember Knapp. Councilmember Leventhal.

36  
37 COUNCILMEMBER LEVENTHAL:

38 Thank you, Mr. President. I want to wish happy birthday to Nancy Floreen.

39  
40 COUNCILMEMBER KNAPP:



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1 We would offer to sing, but that would make it as a worse birthday.

2  
3 COUNCILMEMBER TRACHTENBERG:

4 Not necessarily.

5  
6 COUNCILMEMBER LEVENTHAL:

7 OK. I want to put a few things in context, and there are people here in the room who are  
8 very supportive of this golf course, who are frequent players at this golf course, and who  
9 want to keep the golf course open, and as you can see, the County Council also wants to  
10 keep this golf course open. I do think it's important to just say a few words, as I say, to put  
11 this in context. I noticed that my friend and constituent Robin Ficker is present. Now, many  
12 times, I've heard from Mr. Ficker that we really ought to run County government more like  
13 a business, and we've heard from other elected leaders and candidates in the County  
14 something similar. Well, this was an effort to run at least one part of County government  
15 like a business, and I know that the interactions at times between the community  
16 advocates for the golf course and the Revenue Authority haven't always been as friendly  
17 and cordial as we would all hope, and I certainly hope and expect that as this task force  
18 gets underway, that everyone will make a great effort to be friendly, civil, cordial, and  
19 productive. I do want to say about the Revenue Authority that the Revenue Authority did  
20 precisely what it was asked to do by the County Council, and the task force that the  
21 Revenue Authority mobilized a little while ago, as I understand it, sort of did the following.  
22 The Revenue Authority made a proposal that it thought would make the golf course self-  
23 sustaining. It presented that as Option A, and Option B was to close the course. The  
24 community reacted negatively to a change in the status quo. The community reacted  
25 negatively. I got all the emails to the suggestion that there be a lighted driving range. And  
26 so it said no to Option A. I don't think ever--I don't think that task force ever really grappled  
27 with Option B, which was close the course. As far as I know, the community group was  
28 presented with two choices, Option A or Option B. It said no to Option A, and as far as I  
29 know, that's about as far as it went. And I don't think it really believed the Revenue  
30 Authority when the Revenue Authority said Option B is close the course. So now here we  
31 are, a couple of years after the first suggestion came up that there would be changes to  
32 the infrastructure at the golf course or the golf course would close, and very  
33 understandably, the community still doesn't want to see the golf course close, and clearly,  
34 the County Council doesn't either. But now we're at a point where we're suggesting a very  
35 near-term timeframe to assess information which is available. We have most of the  
36 information we need about what it costs to operate the course, what the capital costs are  
37 at the course, what revenues are at other golf courses and other enterprise facilities. So it  
38 seems to me that the timeframe that the resolution that I've co-sponsored that is before us  
39 now sets forth is a practical timeframe in which real options can be presented and  
40 discussed and reviewed, and then final recommendations can be made by January. That's

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1 the goal. That's the hope. The options that Mr. Berliner suggested earlier--raising greens  
2 fees at one or several golf courses. Other options have been suggested in a memo that  
3 my staff wrote at my request. Obviously, closing the golf course permanently is an option.  
4 Closing the golf course temporarily is an option. The special appropriation, which has now  
5 been approved, keeps the golf course open for a short period of time if the facility remains  
6 operational--if the irrigation system and other physical features don't break down. Placing  
7 the golf course under the Recreation Department might be an option. Taking back all 4  
8 County-owned golf courses and placing them under the Recreation Department might be  
9 an option. Councilmember Ervin is trying to flesh out, and the task forces contains  
10 significant representation from people that will help us flesh out a proposal to have Sligo  
11 Creek Golf Course more accessible to veterans, to provide therapeutic opportunities for  
12 veterans in the hope that federal dollars or other dollars might be available to support that  
13 goal. Consolidate all recreational activities into a single government entity. Address the  
14 management fees charged by the Revenue Authority. The community has asked a lot of  
15 questions about that. So this is a memo. There are other options. This is not a final list of  
16 options, but I hope that this memorandum may provide some structure, maybe an agenda  
17 for preliminary discussions, for this task force. Let me talk about the Recreation  
18 Department very briefly and about the Executive branch's role here. Some time ago, the  
19 Executive branch said that it wanted to merge Parks and Recreation under the Executive  
20 branch, and some of us expressed interest in that, and there's been a lot of discussion  
21 about that. I don't know what the Executive branch's view is on that proposal today. I was  
22 assured by the County Executive a year or so ago, when there was some community  
23 pushback to the proposal, that he would remain firm in support of that proposal. It does  
24 seem to me that to have a conversation only about Sligo Creek Golf Course and not  
25 include in that conversation the other golf courses, the other recreation facilities--  
26 President Andrews mentioned indoor tennis. The other parks and swim centers, et cetera,  
27 is like having a conversation about your toes without talking about your feet. It seems to  
28 me that the task force really does need to look at the entire funding stream, and I would  
29 hope that the Executive branch might factor into its thinking that the Recreation  
30 Department facilities and Park and Planning facilities and Revenue Authority facilities are  
31 really quite similar and that it seems to me that this discussion is very consistent with the  
32 discussion that I had understood the Executive branch was eager to have about  
33 consolidating those very facilities within the Executive branch. I don't know if that remains  
34 the Executive branch's position or not. And then finally, I've received a lot of email on this,  
35 as all of my colleagues have, and I really do need to ask my constituents who have strong  
36 views on this subject to understand that Councilmembers are acting in good faith and  
37 doing our very best, as we do, to balance competing public priorities. The Council  
38 President articulated that it has been County policy not to subsidize golf. I got an email  
39 from one of the leaders in the Sligo Creek Golf Association that said many golfers do not  
40 understand why golf is not eligible for subsidies in Montgomery County. Well, I appreciate

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1 that golfers want to have golf available, and what's important to understand is, we wouldn't  
2 be having this conversation but for the fact that there are fewer and fewer golfers every  
3 year. So those who are golfers need to try to understand that we're balancing a variety of  
4 priorities and that golf is not a priority for many of my constituents. They don't golf. If more  
5 of them golfed, we wouldn't have a problem. We'd be making all the revenue we needed,  
6 and the golf course would be self-sustaining. We're in an environment where there are  
7 fewer people golfing around the country, and golf courses are closing around the country,  
8 so we've got to look at this seriously. We can't assume that every golf course will remain  
9 open. If we keep Sligo open, the effect may be that another golf course closes somewhere  
10 else. And again, I think we need to take a system-wide approach. And golfers have got to  
11 understand that there are other demands on the public dime here and that simply saying  
12 no to everything that represents a change in the status quo isn't going to work, because  
13 the status quo isn't working. It's not functional for taxpayers to continue to put, really, large  
14 amounts of money--it's not just \$150,000. It's a significant capital expenditure that's going  
15 to be needed. So those golfers who participate on the task force have really got, I hope, to  
16 be practical and understand some of realities that we're dealing with, some of the real  
17 dollars-and-cents facts about this, and the status quo can't be sustained, so there's going  
18 to have to be a change to the status quo. I'm not advocating any particular change.  
19 There's option in this memo, and there's other options. Mr. Berliner has suggested a few,  
20 and the Revenue Authority suggested the driving range, the miniature golf proposal.  
21 There's a number of options, again, that I hope this task force will take up constructively,  
22 in an orderly way, and work through those. And I'm delighted to have been a co-sponsor  
23 and to work so closely with my colleague Valerie Ervin, who has done an enormous  
24 amount of very thorough and substantive work on this, and I congratulate her and her  
25 staff.

26  
27 COUNCIL PRESIDENT ANDREWS:

28 Thank you, Councilmember Leventhal. Councilmember Ervin.

29  
30 COUNCILMEMBER ERVIN:

31 Before I forget, there are 3 questions that I have of the Executive branch, and I see Diane  
32 Schwartz-Jones sitting in the audience. If she could divulge me a little bit here. One of the  
33 questions has to do with the CIP. We're going to be taking up the CIP this year, this  
34 coming year, and we've been hearing about capital expenditures--that the golf course  
35 needs \$2 million worth of capital expenditures, and was wondering if these are going to be  
36 programmed into the CIP.

37  
38 DIANE SCHWARTZ-JONES:

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1 At this point, I think we have to wait and see what the task force does, because you're  
2 asking us--you're asking me to comment on something in conversations that haven't  
3 occurred yet.

4  
5 COUNCILMEMBER ERVIN:

6 But they have occurred with the Revenue Authority. They have reported this for a while,  
7 that there are tremendous capital problems and issues at the course right now. Just  
8 curious if anybody is looking at that.

9  
10 DIANE SCHWARTZ-JONES:

11 Our expectation is that this task force--this will be one of the issues that the task force will  
12 look at, is what would be the cost of keeping this operating, and can it achieve  
13 sustainability doing that. And once we have the answer to that question, we'll know what it  
14 is that would be included within the budget or not.

15  
16 COUNCILMEMBER ERVIN:

17 OK. Well, the County Executive had said not too long ago that he wanted a task force that  
18 reported to the Executive branch. Are you all still moving forward with the task force idea,  
19 or you will just be working through the Council's task force?

20  
21 DIANE SCHWARTZ-JONES:

22 We're going to work with the Council. There's no need for two task forces, and the  
23 Executive had suggested a task force with many of the same representatives that you  
24 have, perhaps a couple of additional ones, but you--Council is creating the task force at  
25 your initiative, and we're very happy to participate with you on that.

26  
27 COUNCILMEMBER ERVIN:

28 OK. And the final question has to do with what happens after June 30, 2010.

29  
30 DIANE SCHWARTZ-JONES:

31 Well, the deadline that you have set out is, something has to be decided by--I think you said  
32 January 19. I'm not sure I have the exact date right, but in January. If something is  
33 decided, then we also need a plan for implementation and decisions on how to go about  
34 the implementation. My expectation would be that there would be some budget requests  
35 that would go along with that.

36  
37 COUNCILMEMBER ERVIN:

38 OK. Thank you.

39  
40 COUNCIL PRESIDENT ANDREWS:

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1 Thank you, Councilmember Ervin. Councilmember Knapp.

2  
3 COUNCILMEMBER KNAPP:

4 Thank you, Mr. President. Just to follow up on Ms. Ervin's question, I guess one of the  
5 issues I'm a little concerned about is that the County Executive will make  
6 recommendations for the CIP prior to the completion of this task force's work. I think we  
7 get it actually the week before. And so, in light of the fact that this task force is working, is  
8 the Executive branch anticipating keeping fiscal capacity available within the CIP so that  
9 we can accommodate it, or--I think it's something that the Executive branch needs to take  
10 into account, because that's clearly--some action will be taken at some point, and if all of  
11 the fiscal capacity is already absorbed in the Capital Budget, it's going to be very difficult  
12 for even--depending on what the recommendations are, for the Council to take much  
13 action. And so I just want to--I think it's important to have that kind of clarification.

14  
15 DIANE SCHWARTZ-JONES:

16 I think that we'll have to address that. I think that, as you've noted, it's approximately one  
17 week difference in the timeframe, so we're either going to have to address it in one place  
18 or have to address it in the other place. That's the best that I can say to you at this time.  
19 You know? Either--one week before, this group will have to have--come up with some  
20 fairly good guidance and understanding of what needs to occur.

21  
22 COUNCILMEMBER KNAPP:

23 No, I understand, but I guess the Capital Budget is generally being put together now, and  
24 so, by the--you're going to have basically gone to print and put all your pieces together in  
25 advance of whenever this task force's recommendation will come forward, and given the  
26 fact that the Executive had proposed 150,000, presumably, there was some following  
27 conversations related to the Capital Budget. It would just seem as those--I think it's  
28 important to make sure that since there is such interest in the Executive branch to keep  
29 that type of fiscal capacity available, depending upon the outcome of the task force.

30  
31 DIANE SCHWARTZ-JONES:

32 The discussions that we've had to date--you're--what the Council has come up with is  
33 slightly different than what the County Executive had recommended, and the County  
34 Executive is fine with what the Council has come up with, but what the County Executive  
35 had recommended--I mean, we think it's probably, yes, there's a lot of information out  
36 there. Can this work be accomplished within the 90 days that has been set out? That's a  
37 shorter timeframe than we thought it could be done, but we are willing to work with you  
38 completely in order to meet that deadline. And our expectation was that we would have to  
39 include in the next Operating Budget, in the upcoming budget, we would have to include  
40 additional operating expenses. We all recognize, however, as you correctly note, that if

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1 there were to be a failure of a system at the golf course, that would require a capital  
2 investment, and I can't answer your question right now on that aspect of it.

3  
4 COUNCIL PRESIDENT ANDREWS:

5 OK. Council Vice President Berliner.

6  
7 COUNCIL VICE PRESIDENT BERLINER:

8 I just wanted to commend my colleague, particularly with respect to that aspect of this task  
9 force which states, in no uncertain terms, that the report of the task force must  
10 recommend an implementation plan that will lead to the self-sustainability of Sligo Creek  
11 Golf Course. So, I think that that is so critical and such a clear message on the part of this  
12 Council as to what our objective actually has to be in this effort, and the community must  
13 be prepared to work with us to achieve that result. And so I look forward to the good work  
14 of the task force and support this resolution and my colleague's efforts.

15  
16 COUNCIL PRESIDENT ANDREWS:

17 OK. Thank you, Council Vice President Berliner. And I think we're ready for the vote, then,  
18 on the resolution to establish the Sligo Creek Golf Course Task Force. All those in favor,  
19 please raise your hand. That is Councilmember Navarro, Councilmember Elrich,  
20 Councilmember Trachtenberg, Councilmember Floreen, Council Vice President Berliner,  
21 Councilmember Knapp, Councilmember Ervin, Councilmember Leventhal. Opposed--  
22 myself. So that passes, 8-1. All right. Thank you, everybody. Thank you for those who are  
23 in the audience who came out for the item, and we're now going to move on to a  
24 presentation on the receipt and release of Office of Legislative Oversight Report 2010-3,  
25 Evaluation of Montgomery County's Safe Speed Program. A Public Safety Committee  
26 worksession is tentatively scheduled for October 15, '09. And I'm looking to see...We need  
27 a vote to release the report, so--

28  
29 COUNCILMEMBER FLOREEN:

30 So moved.

31  
32 COUNCIL PRESIDENT ANDREWS:

33 Moved by Councilmember Floreen. Seconded by Council Vice President Berliner. All  
34 those in favor of releasing the OLO report on the evaluation of the speed camera  
35 program, please raise your hand. That is Councilmember Navarro, Councilmember Elrich,  
36 Councilmember Floreen, myself, Council Vice President Berliner, Councilmember Knapp,  
37 Councilmember Ervin, Councilmember Leventhal. The report is released, and we're going  
38 to begin with a presentation by our Office of Legislative Oversight on their report.

39  
40 ARON TROMBKA:

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1 Thank you very much, Mr. President. In opening, I'd like to thank the many people who  
2 provided information in this report. In particular, I must thank Captain John Damskey and  
3 his staff of the Automated Traffic Enforcement Unit of County police, who did not hesitate  
4 to help us and gave us unlimited access to their data files. I also must acknowledge the  
5 support of Ed Piesen of OMB, William Snoddy of the County Attorney's Office, Sheila  
6 Sprague of Intergovernmental Relations for their invaluable assistance. Last, I also must  
7 acknowledge the efforts of our former OLO colleague, Richard Romer. Rich has been a  
8 major contributor to this project, even after he took his current position with the Ervin  
9 office. One last opening comment. I remind the Council that you asked us to do this report  
10 in part because of a requirement in state law that the Council report to the General  
11 Assembly on the effectiveness of the speed camera program. We believe this report  
12 provides information necessary for the Council to fulfill that mandate. In today's  
13 presentation, I'll provide a very brief overview of the use of speed cameras in the United  
14 States; a description of how the County operates its speed camera program, known as the  
15 Safe Speed Program; results of a public--a recent public opinion survey about speed  
16 cameras; an overview of speed camera programs operated by municipalities in the  
17 County. The highlight of the report will be the data on how vehicle speeds and collision  
18 rates have changed since implementation of the speed camera program. We will highlight--  
19 we'll present highlights of a new state law that will affect the speed camera program  
20 operations. And lastly, we will present OLO's recommendations about how to further refine  
21 the speed camera program. Speed cameras have been in use in the United States since  
22 1987. Montgomery County is one of 48 jurisdictions in 11 states and the District of  
23 Columbia that currently have implemented speed camera programs. Communities differ in  
24 how they implement these programs, including variations in technology used, the speed at  
25 which citations are issued, how vehicles are photographed, and the dollar amount of fines.  
26 Montgomery County began implementing the Safe Speed Program shortly after state-  
27 authorizing legislation took effect in 2006. As permitted by state law, the police  
28 department has set up speed cameras in select residential areas and school zones with  
29 posted speeds up to 35 miles per hour. At present, County speed cameras photograph  
30 vehicles traveling 11 or more miles per hour above the posted speed limit. Drivers  
31 traveling 10 or fewer miles per hour above the speed limit do not receive a citation. The  
32 fine for a speed camera violation is \$40 and is considered as a non-moving violation,  
33 similar to a parking ticket. The County does not report speed camera violations to  
34 insurance providers. The County uses a combination of fixed and mobile speed cameras.  
35 Fixed cameras are installed in a single location and provide ongoing speed enforcement.  
36 At present, the Police Department operates 60 fixed speed cameras throughout the  
37 County. The Police Department also has 6 vans equipped with speed cameras that it  
38 rotates among 59 mobile enforcement sites throughout the County. These vans allow for  
39 more widespread deployment of speed cameras but do not provide an ongoing presence  
40 at any single site. OLO reviewed how the County implemented the speed camera

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1 program, and we've concluded that the program is operated in compliance with the  
2 requirements of state law. Specifically, the program meets state requirements related to  
3 the location of cameras, the method of photographing vehicles, the calibration and testing  
4 of cameras, the process for contesting citations, and the respective roles of the Police  
5 Department and the contractor in operating the program. The County also launched a  
6 public awareness campaign to inform residents about the speed camera program. The  
7 ongoing campaign includes periodic press releases, the installation of signs warning  
8 drivers that they are approaching an enforcement area, a dedicated telephone line for  
9 residents' questions and information, and a website that lists the location of enforcement  
10 zones and offers an interactive map showing speed camera locations. An example of the  
11 map appears on the screen. Our report also presents financial information about the  
12 County speed camera program. The FY10 approved budget estimates the speed camera  
13 program will generate about \$29.4 million in revenue. Program revenues have increased  
14 each year of the program as a result of the addition of new camera enforcement sites.  
15 What does this money pay for? First, revenues pay for the operation of the program itself.  
16 For FY10, the speed camera program's budget is \$13.2 million. Vendor costs account for  
17 84% of budgeted expenditures. The County pays a vendor to provide and maintain  
18 camera equipment and to support the processing of citations. Personnel costs account for  
19 15% of the budget and funds about 30 work years of staffing. The amount of revenue after  
20 paying program costs is called net revenues. For FY10, some of the largest budgeted  
21 uses of speed camera net revenues include \$4.8 million to fund police officers in schools  
22 and district stations, \$2.9 million to support fire and rescue operations, and \$1.5 million for  
23 pedestrian safety initiatives. Next, I will present some public opinion findings. Earlier this  
24 year, the Insurance Institute for Highway Safety conducted a survey of Montgomery  
25 County drivers. The survey found that 64% of County drivers support the use of speed  
26 cameras on residential streets. In addition, the IIHS survey found that 72% of respondents  
27 who are aware of the speed camera program said it caused them to reduce their vehicle  
28 speeds. Now let's move to municipal speed camera programs. Four municipalities in the  
29 County--Chevy Chase Village, Gaithersburg, Rockville, and Takoma Park--operate speed  
30 camera programs under the same state law that authorizes the County's programs. The  
31 municipalities operate both fixed and mobile speed cameras with a combined total of 93  
32 enforcement locations. Under current agreements, the County processes citations from  
33 municipal speed cameras at no charge. Recently, however, the County has entered into  
34 discussions with the municipalities to renegotiate the terms of these agreements. State  
35 law requires the Council to report to the General Assembly on the effectiveness of the  
36 speed camera program. To assess program effectiveness, OLO conducted extensive data  
37 analysis to determine how vehicle speeds and collisions changed after implementation of  
38 the speed camera program. Before I present our findings, I must offer one caveat about  
39 interpreting the data. Factors other than speed cameras, such as weather conditions,  
40 roadway conditions, and traffic volumes, may also have influenced the data trends



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1 presented. Therefore, while the data show a correlation between implementation of speed  
2 camera program and changes in driver behavior, OLO cannot assert that the program was  
3 the sole cause for these changes. One more note: the data I'm about to present are for  
4 County speed cameras only, exclusive of cameras operated by the municipalities. So now  
5 let's go on to the data. The first question we sought to answer is whether speed cameras  
6 have modified driver behavior. One way to measure a change in driver behavior is to track  
7 to the number of citations generated by a speed camera in a month. The graph on the  
8 screen shows the trend in average monthly citations generated by fixed speed cameras  
9 during the year after camera activation. On average, the number of citations generated by  
10 speed cameras decreased by 78% from the first month of operation compared to the  
11 same month one year later. This precipitous drop in citations suggests that drivers do  
12 adjust their behavior after the installation of speed cameras. The next question we sought  
13 to answer is whether vehicle speeds change after the implementation of the speed  
14 camera program. The graph on the screen shows the trend in average vehicle speeds  
15 passing 6 camera sites during the first year after installation. You'll see that within about 8  
16 months, speeds declined by 6% compared to the average during the month when the  
17 cameras were first installed. At 40 miles per hour, a decline of 6% equals about a 2.4  
18 miles per hour reduction in average vehicle speeds. A more significant measure of the  
19 impact of speed cameras is in the change in the rate of speeding. During the first month  
20 after camera activation, on average, 73% of drivers passed camera sites traveling at or  
21 below the speed limit. One year later, 87% of drivers abided by the speed limit. When  
22 cameras were first installed, on average, 25% of vehicles passed between one and 10  
23 miles per hour above the speed limit. One year later, the number almost in half, to 13%.  
24 Finally, when cameras were first installed, about 2% of vehicles were clocked at 11 or  
25 more miles per hour above the speed limit. One year later, these speeders represented  
26 less than one percent of vehicles passing camera sites. The data provide strong evidence  
27 of the effect of speed camera on driver behavior. However, while speed data is important,  
28 it's an indirect measure of safety. To assess whether speed cameras improved roadway  
29 safety, we looked at whether the number and type of collisions changed after  
30 implementation of the speed camera program. The news is very encouraging. For this  
31 analysis, we reviewed data on the number and types of collisions that occurred with one-  
32 half mile of camera sites. We compared the average numbers of collisions per year that  
33 occurred during the 4 years before activation of speed cameras with the number of  
34 collisions that occurred in the year following activation. An annual average of 458 reported  
35 collisions occurred within one-half mile of camera sites before placement of speed  
36 cameras. During the year following camera activation, a total of 329 collisions occurred in  
37 the same area--a 28% decline from the previous annual rate. Some collisions are more  
38 severe than others. Police Department records indicate whether a collision involved  
39 property damage only or whether the collision resulted in an injury or fatality. In the vicinity  
40 of speed cameras, in average--an annual average of 252 property-damage-only collisions

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1 occurred before activation of speed cameras. During the year following camera activation,  
2 property-damage-only collisions declined by 19%. Finally, before speed cameras, an  
3 average of 206 collisions resulted in injury or fatality. In the year after, the number of  
4 collisions resulting in injury or fatality dropped by 39%. This higher rate of decline for  
5 injury/fatality collisions suggests that the biggest effect of speed cameras is to reduce the  
6 severity of collisions and the occurrence of injury. Now let's look at some of the subsets of  
7 the data. A common concern raised about speed cameras is that they could cause drivers  
8 to brake suddenly, which would produce more rear-end collisions. However, the data  
9 show an opposite outcome. Compared to the average for the previous 4 years, rear-end  
10 collisions occurring near speed camera sites did not increase in the year after speed  
11 camera activation. We also looked at data on collisions in which a vehicle struck a  
12 pedestrian or a bicyclist. While this category did not experience the same decline as other  
13 collision types, the number of annual events is very small and insufficient to make  
14 conclusive findings about the effect of speed cameras or other factors on this measure.  
15 Several additional years of data are necessary to conduct a meaningful trend analysis. On  
16 October 1, a new state law on speed cameras will go into effect. The new state law  
17 includes 3 provisions that will have a notable impact on the County's program. First, the  
18 new law restricts enforcement to vehicles exceeding the posted speed limit by at least 12  
19 miles per hour. As previously noted, the Police Department currently enforces at 11 miles  
20 per hour above the speed limit. Next, the new law limits the operation of school zone  
21 speed cameras from 6 A.M. to 8 P.M. on weekdays. This restriction will apply to the 22  
22 fixed and 8 mobile enforcement sites currently located in County school zones. Lastly, the  
23 new law will require the County Council to authorize, through ordinance or resolution, new  
24 speed camera enforcement sites. Now, why are these new provisions of state law  
25 important? Let's start with the change in enforcement speed. As shown in the pie chart,  
26 over the first 2 years of program operation, about 32% of citations have been for vehicles  
27 measured at exactly 11 miles per hour above the speed limit. Under the new state law,  
28 vehicles traveling 11 miles per hour above the speed limit will not be subject to speed  
29 camera enforcement. Now let's look at the new restriction on school zone operating hours.  
30 You will see on the screen that 53% of citations generated by school zone speed cameras  
31 occurred on Monday through Friday, from 6 A.M. to 8 P.M. Nearly half of all school zone  
32 citations were for speeding that occurred on weekends or on weekdays between 8 P.M.  
33 and 6 A.M. Two days from now, on October 1, the Police Department will no longer be  
34 able to use speed cameras in school zones during weekends and overnight hours. These  
35 two changes in state law--the restriction on school zone speed camera hours and the  
36 increase in the enforcement threshold to 12 miles per hour--could reduce citations by  
37 about 40%, which in turn could result in a \$5 million decrease in FY10 General Fund  
38 revenues below budgeted levels. I will now conclude with OLO's 7 recommendations to  
39 the Council. Our recommendations stem from our findings. In summary, the County has  
40 successfully implemented the Safe Speed Program in compliance with state law. In

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1 addition, field data clearly suggest that the program is achieving its goal of improving  
2 public safety. Our recommendations offer suggestions on how to further refine the  
3 program. First, to maintain community support for the program, the Council should use its  
4 oversight role to ensure that public outreach and community involvement remain core  
5 aspects of the program. For example, the Council should expect ongoing outreach to  
6 inform residents of the purpose of the program and the locations of speed cameras;  
7 should expect increased visibility of speed limit and speed camera warning signs; and you  
8 should expect continued consultation with advisory bodies about the locations of new  
9 enforcement zones. 2, at present, County residents cannot easily access information  
10 about the costs of the program, the revenues generated by speed cameras, or how the  
11 County spends net program revenues. We recommend that the Council require program  
12 financial information be readily available on the Internet and in budget documents. 3, as  
13 previously mentioned, the County currently processes citations from municipal speed  
14 cameras at no charge. The Council should request that the Executive revise its  
15 agreements with municipalities to recover the County's full cost for processing citations.  
16 Number 4--when the new state law takes effect, the County will have different hours of  
17 operations for cameras in residential zones, which are not affected by the time limitations,  
18 than for cameras located in school zones. The Council should provide policy guidance on  
19 both operational and public outreach issues resulting from the new state limit, particularly  
20 as it relates to public confusion that might arise from a program that lacks uniform hours.  
21 Number 5 is a related recommendation. We suggest that the Executive monitor driving  
22 speeds and collision rates to determine whether the restricted speed camera hours affect  
23 roadway safety. Number 6, as previously mentioned, changes in state law could result in a  
24 \$5 million reduction in estimated FY10 General Fund revenue. The Council should ask the  
25 Executive to adjust revenue projections to account for these changes in state law and to  
26 identify budget modifications necessitated by the reduced revenues. Finally, as we  
27 mentioned, state law mandates that the Council report to the General Assembly on the  
28 effectiveness of this program by December 31. We have made recommendations about  
29 what should be in that report, and we will discuss the issue with the Public Safety  
30 Committee at its October 15 worksession. That concludes our presentation. Thank you,  
31 and I invite Executive branch staff to join us.

32  
33 COUNCIL PRESIDENT ANDREWS:

34 Yes, please come on up, Executive branch staff, and thank you, on behalf of the Council,  
35 for that very well organized report. I think that it was crucial for the Council to have hard  
36 data before us about the impact of the speed camera program, and as you noted, we're  
37 required to report by the end of the year--the Council is--to the General Assembly about  
38 how the program is working, and from the data that you presented, I would say that the  
39 jury is in and that speed cameras clearly result in a substantial reduction of vehicle  
40 collisions. You noted that there was a 28% decline in all vehicle collisions, from 458 to

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1 329, in areas where there are speed cameras, and that in collisions, vehicle collisions  
2 where there are injuries or fatalities, the decline was from 206 to 126--a 39% decline. So  
3 those are impressive numbers, and the program is achieving its goal of not only changing  
4 driver behavior, but making our roads safer for drivers. So thank you for the good  
5 research on that, and I'll now turn to our representatives from the Executive branch--  
6 Captain Damskey from the Police Department and Kathleen Boucher from the office of the  
7 County Executive--for comments they'd like to make, and then I'll turn to Councilmember  
8 Elrich, a co-member of the Public Safety Committee. Kathleen--Miss Boucher.

9  
10 KATHLEEN BOUCHER:

11 OK. Just at the beginning, I'd like to state the obvious. I know you hear this a lot about  
12 OLO reports, but this is truly an excellent report, and we really appreciate having it as a  
13 resource now, and it's truly terrific work. The CAO's response to the recommendations are  
14 on pages 99 through 102 of the report, and we can handle this in whatever way would be  
15 most productive for the Council. We'd be happy to walk through the recommendations and  
16 our responses. In essence, we concur with all the recommendations. There are some  
17 details that relate to them, and we'd be happy to walk through them. But in essence, we  
18 concur with all of the recommendations in the report. Would it be helpful if we walked  
19 through each of the recommendations and shared our perspective, or--

20  
21 COUNCIL PRESIDENT ANDREWS:

22 If you did so very briefly, I think it'd be helpful.

23  
24 KATHLEEN BOUCHER:

25 OK. Captain Damskey will walk through all the recommendations, except recommendation  
26 number 3. which I will speak to.

27  
28 COUNCIL PRESIDENT ANDREWS:

29 OK.

30  
31 JOHN DAMSKEY:

32 Good morning. Thank you for inviting me to speak, and before I start to look at the  
33 recommendations, I just want to thank the Office of Legislative Oversight--Aron, Richard  
34 Romer. This was not a 3-month study. Richard Romer was embedded with us from the  
35 very beginning, and the information that was put together here--as you can see, the  
36 thickness belies the effort. I mean, it's a great report, and a lot of effort went into this, and I  
37 just want to thank them. So we turn to the recommendations. The first recommendation  
38 was to ensure that there's public outreach, community involvement, and that they remain  
39 a core aspect of the camera program. The Executive branch cannot agree more. This is a  
40 community-based--a community-based program that directly benefits our residents,

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1 directly benefits our drivers on the road, and one of the things that we are using for public  
2 outreach is the World Wide Web. We're trying to improve our website so that rather than  
3 having information available when people ask, we're going to push that information out  
4 into our communities. The--as it says, current and future policies will continue to consider  
5 our community members, and that's very, very true. We have people in my office that are  
6 constantly looking at better and new ways to share the good things that this program is  
7 actually accomplishing on our roadways.

8  
9 COUNCIL PRESIDENT ANDREWS:

10 Let me mention that tonight, the County Council is having a public forum to hear from the  
11 public their views about current speed control strategies used by the County, including  
12 speed cameras, speed humps, signage, circles, and so on. So know that we'll be seeing a  
13 number of representatives from the public and from the Executive branch this evening,  
14 and we invite the public to join us this evening to share views with the Council about  
15 different methods that the County uses to address speeding.

16  
17 JOHN DAMSKEY:

18 Thank you. The final thing I'll note on this recommendation was the outreach to our  
19 customers, in effect. We went to great efforts to train not only our own staff, but the  
20 vendors. We had a 40-hour-long course, which was unheard of, and we try to improve our  
21 customer service. And our goals and our recommendations to our employees and our  
22 vendor employees that answer the phone was, for that moment in time, for that person  
23 calling in to the County police, you are the Montgomery County government. So it was  
24 very important that we put our best foot forward, and we've gone to great lengths to  
25 continually train and continually update these employees. Recommendation 2 really rolled  
26 into recommendation 1--again, a better website, more friendly website, something where  
27 we can push that information out to our communities. And I'll turn the third over to Miss  
28 Boucher.

29  
30 KATHLEEN BOUCHER:

31 OK. Recommendation number 3 was to request that the Executive revise agreements with  
32 the municipalities to recover the County's full costs of collecting and processing speed  
33 camera fees, fines, and penalties. And what that speaks to is that the original 2006 law, as  
34 Aron spoke about, required the County to collect municipal revenues--municipal speed  
35 camera revenues. It was in state law, and that was sort of the way it was. We've been  
36 doing that, but there are some internal costs associated with that, and under the 2006 law,  
37 we believed we were not allowed to charge the municipalities for that. The 2009 law, on  
38 the other hand, gives the municipalities authority to collect their own revenues, and so the  
39 issue there is that if the County is going to continue to collect municipal revenues after  
40 October 1, we want to recover our internal costs. When that state law was enacted in

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1 2009, the spring of 2009, OMB and Police Department worked to develop MOUs that our  
2 municipalities would sign if we continued to collect revenues after October 1. The--we  
3 actually sent out those new MOUs to the 4 municipalities that we collect revenues for  
4 now--Rockville, Gaithersburg, Takoma Park, and Chevy Chase Village. It appears we've  
5 received confirmation from the city managers of Rockville, Takoma Park, and  
6 Gaithersburg that they would like to collect their own revenues now and will not be signing  
7 MOUs for the County to continue to collect. So we are transitioning away from collecting  
8 revenues for municipalities. We've heard informally that Chevy Chase Village will also  
9 collect its own revenues, but we're waiting to get confirmation from the acting city  
10 manager. But in essence, if--we anticipate we will not need MOUs anymore. We will not  
11 be collecting for our internal costs because we will not be collecting municipal revenues.  
12 So that's the answer to recommendation number 3.

13  
14 COUNCIL PRESIDENT ANDREWS:  
15 OK. Good.

16  
17 JOHN DAMSKEY:  
18 On to recommendation number 4. The recommendation that the--we continue with our  
19 public outreach and we look at those areas that the new law will impact our school zones  
20 is very important to us as a police department, very important to us as a county  
21 government. We look at the areas around our schools as being those areas that are vital  
22 for us to protect, and we're doing everything we can, if you look at the number of cameras  
23 we actually have deployed around our schools. So with the change in the new law, where  
24 we will have to turn those cameras off, in essence, between specific hours--after 8 P.M.,  
25 for instance--it does not eliminate or diminish our responsibility in these areas, and we're  
26 going to continue to gather that information, we're going to continue to monitor those  
27 situations, and we are looking presently at different methods and different ideas that we  
28 have to then be able to change that formula a little bit within the new law. So again, these  
29 are very sensitive areas. We will see the impact once we get past October 1.

30  
31 COUNCIL PRESIDENT ANDREWS:  
32 It's a little hard to--a lot of schools have activities that run past 8:00.

33  
34 JOHN DAMSKEY:  
35 Absolutely.

36  
37 COUNCIL PRESIDENT ANDREWS:  
38 It's hard to understand why 8:00 was selected as shutoff time.

39  
40 JOHN DAMSKEY:

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1 Yeah, well, our goal is to gather data to be able to prove that it is vital that we continue to  
2 operate these cameras around our schools throughout the day--past 8 P.M.--and on the  
3 weekends. There are many functions. Schools are public hubs for our communities.

4  
5 COUNCIL PRESIDENT ANDREWS:  
6 OK.

7  
8 JOHN DAMSKEY:

9 Under recommendation number 5, this, again, goes right back to the sensitivities of the  
10 schools. We'll continue to monitor speeds and collision rates at all our sites--and not only  
11 those roadways where we deploy mobile or fixed cameras, but on those roadways where  
12 we determine that there may be a problem with speeding, there may be a problem with  
13 collisions. We get requests every day from citizens and residents around our state for  
14 roadways that they believe or they feel would be candidates for some type of  
15 enforcement--if not automated, then possibly a patrol police officer. On to number 6, is the  
16 revenue projections. This is something we are currently looking at. It is extremely difficult  
17 to apply the new law, because not only are we raising our limits, our thresholds, one mile  
18 an hour, we're also turning those cameras in our school zones off after 8 P.M. and on  
19 weekends. So right now, we're working with the Office of Management and Budget to  
20 establish new projections for FY10.

21  
22 COUNCIL PRESIDENT ANDREWS:  
23 OK.

24  
25 JOHN DAMSKEY:

26 Recommendation number 7.

27  
28 ARON TROMBKA:

29 That we can take up in Public Safety. That's a matter for the Council to consider--what's  
30 the content of your report to the General Assembly.

31  
32 COUNCIL PRESIDENT ANDREWS:  
33 That's right.

34  
35 ARON TROMBKA:

36 I think we can discuss that in committee.

37  
38 COUNCIL PRESIDENT ANDREWS:  
39 Very good. OK.



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1 JOHN DAMSKEY:

2 And that's it. Thank you.

4 COUNCIL PRESIDENT ANDREWS:

5 Well, thank you, Captain Damskey and Miss Boucher and the staff of our Office of  
6 Legislative Oversight, which worked long and hard on this report--Rich Romer, Aron  
7 Trombka, and Sarah Downie--and the report, the evaluation that took so long that one of  
8 our Councilmembers nabbed one of your staffers during the interim. But they still have the  
9 pride of authorship there. Thank you for the presentation by Mr. Trombka. We have about  
10 15 minutes for discussion, and we have to reserve the rest of the morning the briefing on  
11 the update on economic indicators in the County fiscal plan, which is crucial, so I'm first  
12 going to turn to Councilmember Ervin, and then Councilmember Elrich.

14 COUNCILMEMBER ERVIN:

15 Thank you. Thanks for the excellent report. It's--every time I think I'm not going to be  
16 interested in one of these reports, I find myself very immersed in some of the detail in it.  
17 And my first question has to do with, because we've been cutting the rates of auto collisions  
18 and injuries and deaths, how does that relate to auto insurance rates in areas that have  
19 speed cameras?

21 ARON TROMBKA:

22 The only part of that question I'm able to answer is that for the particular driver--a driver  
23 who receives one of these citations--that information is not provided to insurance  
24 providers. This is considered as if it was a non-moving violation. I think it's a matter for the  
25 insurance industry as to whether or not they consider what seems to be very clear  
26 evidence of the effect of this program on the increase in safety of drivers, at least in  
27 certain areas of the County.

29 COUNCILMEMBER ERVIN:

30 I just think it's really important, as we're considering public policy around these issues, that  
31 we somehow figure out how we're going to include insurance companies in this, because  
32 we're really doing a lot of good, and we're saving lives and decreasing, you know, injuries  
33 and property. Seems to me like they go hand in hand, so it's just interesting to me that in  
34 the states that have this kind of a plan, whether or not insurance companies have reduced  
35 rates because of it. That's my first question, and the second one has to do with page 93 of  
36 your report, finding number 25--"collisions in the vicinity of speed cameras involving a  
37 pedestrian or bicyclist vehicle increased in the year after speed camera activation." That's  
38 just an interesting finding.

40 ARON TROMBKA:





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1 It's an interesting finding, but it's actually I would call premature now, because the data--  
2 we put it up on the screen, and when you look in the report, the data is so small, the  
3 annual number of events is so small that statistically, it's not conclusive. And our sense is  
4 that for events of that sort, we probably need several more years of experience in order to  
5 make a conclusion. For the overall collisions--for example, collisions involving injuries or  
6 property damage--there we've got hundreds and hundreds and hundreds of events, and  
7 there the statistical analysis is defensible. For incidents involving pedestrians, the  
8 numbers are what the numbers are. That being said, when you're dealing with a dozen or  
9 two dozen events, it's...the number of outliers and the number of other things that could  
10 have caused a pedestrian collision--a collision with a pedestrian--other than speed come  
11 into play. I note that for one year before the speed cameras were installed, there was  
12 even a higher rate. So the number seems to go up and down and up and down, and the  
13 speed cameras really, at this point, we can't make a conclusion one way or the other, Ms.  
14 Ervin.

15  
16 COUNCILMEMBER ERVIN:

17 Thank you. I appreciate, Aron, all your hard work, as usual, and Sarah, and now that I  
18 have Rich, thank you very much for allowing me to steal one of your youngest and  
19 brightest stars, which I--I'm getting a reputation of doing that, but the other one was  
20 already gone, so... Thank you very much.

21  
22 COUNCIL PRESIDENT ANDREWS:

23 OK. Thank you, Councilmember Ervin. Councilmember Elrich.

24  
25 COUNCILMEMBER ELRICH:

26 I just wanted to thank you all for the report. I thought that it really does show the  
27 effectiveness of the program. It points out some places that we need to, I think, do a better  
28 job in the accounting realm, but in the accounting that really counts, which is accident data  
29 and is this actually making a difference as a public policy, I think it's pretty clear this is  
30 making a difference as public policy. And I appreciate all your work on this, and if you  
31 would just focus on this instead of helicopters, we'd probably all be happy. But...ha ha! But  
32 I think you really do make the point that this does change behavior, and a lot of people I  
33 talk to acknowledge that it does change their behavior. They're not always happy about  
34 the fact that it's changed their behavior, but I always remind them just look at the speed  
35 limit, goes 10 miles faster, no camera is going to bother you. I mean, that is the reality of  
36 it, and, you know, so it's no like you have to--you're forced to look at your speedometer  
37 and be more conscious of whether you're going a mile over, which is what I think people  
38 are really worried about, is that fear of, "Am I going to get tripped if I go a mile over the  
39 limit because I'm breaking the law?" I mean, when you've got a 10-mile range to make a  
40 mistake, so to speak, there's plenty of room for error, and I think our program is a good

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1 program. So thank you for your very thorough, very thoughtful, and complete report on  
2 this.

3  
4 COUNCIL PRESIDENT ANDREWS:

5 Thank you, Councilmember Elrich. Councilmember Knapp.

6  
7 COUNCILMEMBER KNAPP:

8 Thank you, Mr. President. Just a couple questions and some observations. First, as  
9 always, very good report. This is an issue that we've had a lot of conversations about. Had  
10 folks at the state level--I was at a MACO meeting last fall in which the minority leader of  
11 the House was taking great exception to the speed camera program, and people were  
12 kind of buying into what he was saying until I had the opportunity to say--to recite the  
13 statistics and the reduce we've seen in speeding in areas where they have been speed  
14 cameras, and the entire room kind of went quiet, and I had a lot of follow-up conversations  
15 with folks, people who were quietly impressed and curious as to how they could get there,  
16 and I think to some degree it helped lessen some of the opposition as things went through  
17 down the General Assembly this past year. When we had our conversation individually as  
18 it related to municipalities, there is interest in the part of the community of Poolesville in  
19 trying to--since they don't have their own police force and they would like to work with the  
20 County on some revenue-sharing activity, because they would like to make some  
21 pedestrian safety improvements within their community and would like to use these  
22 resources to do that. It's my understanding that Mr. Romer found some language in the  
23 state law that had been changed that actually allows them to enter into a negotiation with  
24 the County to do such a thing as of October 1, and so I would--I've raised it to the  
25 community's attention, because they've been trying for the last 18 months to try and figure  
26 out either to get us to change the requirements or to actually make a change to state law  
27 that would allow them to do it without having their own police force or having to go through  
28 another municipality. But if you could actually approach the folks in Poolesville, I think that  
29 would be helpful. I mean, and I recognize that it potentially lessens the amount of revenue  
30 that we may have available to us, but I think the broader objective, which is to improve  
31 pedestrian safety, is the type of goal we're trying to achieve, and if they have specific  
32 projects they'd like to use these resources for, we ought to at least look at it a little bit.

33  
34 KATHLEEN BOUCHER:

35 Councilmember Knapp, I just want to respond briefly to that. You're absolutely right that  
36 the law did change. I very recently heard that same issue, by rumor, that Poolesville had  
37 that concern. I'm the person to speak to, and so I will reach out to Poolesville, and we'll  
38 figure out how to proceed.

39  
40 COUNCILMEMBER KNAPP:

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1 OK. Wade Yost is their city manager and would love to chat.

2  
3 KATHLEEN BOUCHER:

4 Right. I'll reach out to Wade. Nobody had spoken to us about that directly, but I'm happy to  
5 reach out to them.

6  
7 COUNCILMEMBER KNAPP:

8 OK. Thank you. And then I guess just the broader observation I would make is, they work,  
9 and I think that's a very important thing for us to understand and for us to make sure that  
10 message gets out, and I think this report helps us do that. I think one of the challenges  
11 that we're going to need to confront, and as a result of the state law's changes going from  
12 11 miles an hour to 12 miles an hour, we're going to see a reduction in the revenues that  
13 we receive and unfortunately the way that we have allocated those speed camera  
14 revenues before have basically been put into the budget to fund ongoing operations, for  
15 the most part, and as result of that, we're now going to see things that we have funded in  
16 an ongoing way in our budget for which we'll have fewer revenues to try and address.  
17 Given the reduction we've seen at the state level already, given the reduction we know  
18 we're going to see or will likely see as it relates to modifications of the speed camera  
19 program, we're down about \$10 million, I think, in our police budget. And so I think as we  
20 go into next year's budget, looking at difficult times, to the extent that we can use speed  
21 camera revenue, which we know is going to be a variable source of revenue, and focus  
22 those resources on more targeted, one-time types of projects or type of expenditures  
23 which, if the revenue doesn't show up, we don't necessarily hurt our underlying operating  
24 capacity within our Public Safety departments, I think is going to be real important for us.  
25 This is not a new topic. It's certainly something we've talked about during the  
26 consideration of the previous budgets, and I think given the change to state law, it gives  
27 us more flexibility, but now we're seeing right now what happens when we put those  
28 moneys in our regular ongoing operating expenses. And so I think it's going to be real  
29 important for us, as the Executive branch puts the budget together for recommendations  
30 to the Council, to take those resources and set them over as one-time expenditures,  
31 because otherwise, we run the risk of trying to figure out which part of the budget we're  
32 going to steal from to make sure that the police department remains whole, or the Public  
33 Safety departments. And so I think that's an important takeaway from this report. While we  
34 may have the flexibility, I'm not sure we necessarily want to use it to fund our ongoing  
35 operating expenses as much as to fund pedestrian safety types of activities, and so I urge  
36 us all to keep that in mind as we move forward in the coming months.

37  
38 COUNCIL PRESIDENT ANDREWS:

39 Thank you, Councilmember Knapp. I agree that speed camera funds should be targeted  
40 to one-time projects, not ongoing operating costs. Councilmember Trachtenberg is next.

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1  
2 COUNCILMEMBER TRACHTENBERG:

3 Thank you, President Andrews. I want to just make some very brief remarks and  
4 acknowledge my gratitude for what is again another excellent OLO effort. I was quite  
5 taken when I had a presentation made to my staff and myself about the report, and I  
6 would note that back in a survey, a County survey last year, it was found that 74% of  
7 County drivers actually know about the speed camera program, and I think one goal we  
8 should have with this report is to make sure that an adequate percentage of those drivers  
9 know about the benefits of this program, as well. They know about the program, but I'm  
10 not sure at this point they really understand the benefit and that the--indeed, the program  
11 does change driving behavior, and it does work, and it's clearly an important source of  
12 revenue. And to go to what Councilmember Knapp suggested about this report helping us,  
13 that it will assist us in getting the information out, I would softly suggest that not only  
14 should it be visibly available on websites--both the Council's and the County website that's  
15 maintained by the Executive branch--but I would also suggest that the Executive summary  
16 of the report be also provided at public events, and tonight's discussion on speed policy  
17 here in the County would be a good example of a community venue where such  
18 information should be provided to the general public. Again, I want to thank OLO for the  
19 excellent report.

20  
21 ARON TROMBKA:

22 And we'll bring the Executive summaries tonight.

23  
24 COUNCIL PRESIDENT ANDREWS:

25 OK. Thank you, Councilmember Trachtenberg. I join you and all my colleagues in  
26 thanking OLO and also thanking the Police Department for running a very well-run  
27 program. The implementation of this was done very carefully over a period of time. There  
28 was a testing period, a warning period, and I've observed it from the start and followed it  
29 closely, and I think the Police Department did an outstanding job in rolling this program  
30 out, informing the public, and continuing to manage it in a way that maintains public  
31 confidence that it's well constructed, that the sites are chosen based on historical data,  
32 and that there are adequate protections to ensure that citations are what they are in terms  
33 of the speed that's cited. Councilmember Floreen.

34  
35 COUNCILMEMBER FLOREEN:

36 Thank you. Again, like everyone, I want to join in saluting Aron and the team for a  
37 tremendous report, and saluting the Police Department. I think you're doing a tremendous  
38 job in implementing this, you personally being the cheerleader for this. I am constantly  
39 bewildered by our community's perception that speed limits are academic, and I think  
40 they're very important to the safety of our residents. I think it's kind of a shame that we

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1 have to work so hard to remind our residents what these rules are there for: to protect  
2 them. And this is documented, now, information that we can share as to why we have  
3 these rules. So I thank you for your hard work and your advocacy and staff for their hard  
4 work in putting together the data. I think it is a tremendous statement of your academic  
5 excellence in producing meaningful data that can sustain a very important program.  
6 Thanks.

7  
8 COUNCIL PRESIDENT ANDREWS:

9 Thank you, Councilmember Floreen. We're going to move on very shortly to our next item  
10 on the economic indicators and fiscal update. Council Vice President has a question or  
11 comment.

12  
13 COUNCIL VICE PRESIDENT BERLINER:

14 One of the aspects of the state law that I had not appreciated prior to the briefing was that  
15 our Council now, as I understand it, will now be required to vote on each new placement  
16 of a speed camera on a going-forward basis. Is that a fair statement?

17  
18 ARON TROMBKA:

19 That is a correct statement.

20  
21 COUNCIL VICE PRESIDENT BERLINER:

22 My hope is that with the Executive branch, that we can work our way through this in a  
23 manner that is palatable for all to come up with a mechanism, because this--otherwise,  
24 this will be nightmarish, to say the least. Have you given any thought to that? Has the  
25 Executive branch given any thought to that aspect of the change in state law?

26  
27 KATHLEEN BOUCHER:

28 Given it enough thought that it's an action item for us.

29  
30 COUNCIL VICE PRESIDENT BERLINER:

31 We look forward to your recommendations with respect to it.

32  
33 KATHLEEN BOUCHER:

34 Thank you.

35  
36 COUNCIL PRESIDENT ANDREWS:

37 Thank you, Council Vice President Berliner. And that wraps up our discussion on this very  
38 important item. Thank you for the excellent work, and we invite the public to join us tonight  
39 at 7:00 in this room for a public forum on speed control strategies used by the County,  
40 including speed cameras, speed humps, traffic circles, signage, and other methods.

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1 Again, that's 7:00 tonight right here, and the public will have an opportunity to tell us what  
2 they think about those different strategies. We're now going to move on to our final item  
3 for the morning, which is an update on economic indicators in the County fiscal plan. A  
4 very important discussion. We'll go to at least 12:30 on this, a little bit longer if we have to.  
5 I want to note that we'll be hearing from some representatives of the Chamber of  
6 Commerce. Councilmember Floreen brought that to my attention and invited the Chamber  
7 representatives to come and give us their thoughts over--on a panel of 15 minutes. I'd like  
8 to give Councilmember Floreen a chance to make some comments, and then I'll turn to  
9 our staff director for the Council, Steve Farber, who is going to coordinate the presentation  
10 from the table there. Councilmember Floreen.

11  
12 COUNCILMEMBER FLOREEN:

13 Thank you, Mr. President. I appreciate your cooperation in this regard. We rarely have a  
14 face to add to these very impressive sets of statistics and numbers that our very able  
15 financial team provides to us, and my recent experiences with the business community  
16 have convinced me that I--I think hearing from employers in the County really will help the  
17 Council understand the real-life implications of some of the data that we're about to  
18 receive. So I thank everyone's indulgence in permitting some representatives of the  
19 business community to just share with us their stories. I think that's going to be very  
20 helpful.

21  
22 COUNCIL PRESIDENT ANDREWS:

23 I agree. Thank you for the initiative, Councilmember Floreen, and... OK. I'm going to now  
24 turn to Steve Farber, who can lead us in the introductions of the folks at the table and start  
25 us off, and then after the discussion, I'll turn to the chair of the Management and Fiscal  
26 Policy Committee to start the conversation off here. Mr. Farber.

27  
28 STEPHEN FARBER:

29 Right. We have with us today Jennifer Barrett and Joe Beach, the Finance Director and  
30 Director of OMB, and Rob Hagedoorn, Chief of the Treasury division. Alex Espinosa, who  
31 coordinates the Operating Budget, is also with us. And we'll be hearing in a moment from  
32 David Platt, Chief Economist, focusing on Montgomery County economic indicators,  
33 because we're running a little bit behind and we want to focus principally on them before  
34 hearing from our friends from the Chamber of Commerce. After they have completed their  
35 remarks, we'll hear from Joe and Jennifer, summarizing the presentation we received from  
36 the County Executive, and then I'll have some brief remarks after that, as well.

37  
38 COUNCIL PRESIDENT ANDREWS:

39 Thank you, Mr. Farber. Mr. Platt.

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1 DAVID PLATT:

2 Good morning. What I want to do is present this dashboard picture that's on your circle 32,  
3 our slide 17, which kind of highlights where we are from the local economy perspective.  
4 Plus there are some regional numbers in here that we don't have at a local level, and the  
5 implications for some of those, because we're going to talk about the fiscal update, so I  
6 want to tie those in a little bit with fiscal issues that we'll talk about a little bit later. But first  
7 of all, the inflation number. Shouldn't surprise people. At the regional level, it's flat. I mean,  
8 it's basically less than one percent, and that will have implications for the Charter Limit  
9 coming in FY11, because we have--last year, it was 4.5%, now it's basically flat in terms  
10 of--these are numbers through July, so we've got a few more periods to go, but right now,  
11 the inflation has been quite tamed. The unemployment rate, the number that we provide in  
12 your packet and in the next slide--just hold off on that. We estimated that the August  
13 number would be 5.3%. It came in at 5.2%. And the question is, does that show--starting  
14 to see a decline in the unemployment rate? And I would caution the fact that the  
15 unemployment rate is not a seasonally adjusted number, and there could be a bump up  
16 later on in September and October numbers, so we'll get a better feel of the trend of the  
17 unemployment rate when we look at September and October data, which will come in in  
18 October and November. The resident employment--again, we have updates to that. Again,  
19 that's been dropping a bit, and that explains why the unemployment rate is going up. And  
20 right now, the August resident employment number, the number we have, is about  
21 492,204. That was the number that just came out on Friday from the Department of Labor,  
22 Licensing and Regulation, and it's still down from the July number of 493,000. Payroll  
23 employment also has been down--not as dramatically as the resident employment. We  
24 have some slides we can go through later on to show that trend. The good news has been  
25 the stock market, but again, that good news has been tempered by where the increase  
26 has been coming from, and it's been for cost-cutting by the firms--not by hiring or revenue  
27 increases, but basically cost-cutting. And we've seen double-digit growth in the stock  
28 market since the beginning of the year, or since March of '09, and we expect that to  
29 continue. There might be some slight corrections that everyone talks about in the October  
30 month, but basically, we might end up the year with a double-digit growth in the S&P 500,  
31 in Dow Jones, and across the board. That would have some implications, obviously, for  
32 the capital gains over the year. Now, when that comes into fruition--it may not be this year,  
33 but it will certainly kick in next year. Home sales--we've been seeing home sales pick up  
34 since March, and I think there's a number of factors going on:  
35 the first-time homeowner's credit that the administration proposed; also the fact that the  
36 Federal Reserve has been buying up a lot of the mortgages from Freddie Mac and Fannie  
37 Mae, and they hope to continue that program for the next couple of months. There's been  
38 a lot of concern that that program will stop, but I think the Federal Reserve has made a  
39 commitment--maybe not as aggressive as they have in the past, but at least picking up  
40 those assets. And yesterday, the administration made an announcement about a \$35

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1 billion program into the housing agencies at the state and local level. That may give a little  
2 boost to the low- and moderate-income folks, especially first-time homebuyers. Home  
3 prices--they're still going down, but they're moderating. In other words, they're  
4 decelerating. And the Case-Shiller Index is the number that we look at. This morning, they  
5 came out with the number for the Washington, D.C., area, and for July, the latest number  
6 we have, the price from June-July went up 1.6%, and year over year, it went down 9.8%,  
7 which is starting to see--in the past, what, 12 months, we're seeing double-digit declines.  
8 The Fed funds rate basically has--going to hold steady at the 0.25% level for the rest of  
9 the year and probably into the first quarter of next year. That will have, certainly, an effect  
10 on our investment income. We've been seeing we're probably running a few basis point  
11 above that, so we're going to see some--when we come back in November with our  
12 revised estimates, we'll have a better picture on that, but basically we're anticipating a flat-  
13 no change in the Fed funds rate between now and probably April or May of next year. Let  
14 me go, if I may, to the next slides. I think I've already addressed the unemployment rate.  
15 You can see that we really peaked at 5.7% in June, and we're starting to see a decline.  
16 And the question is, because of that, will that decline now continue that we've peaked out?  
17 I'm hopeful it will, but right now, we will look at the data we talked about in September and  
18 October to confirm, because these are not seasonally adjusted. On the home sales front,  
19 we're looking at probably a 9.5% increase in 2009. We've got data all the way through  
20 August, and we look like it may start turning around in terms of sales. Again, it's  
21 contingent on the credit staying in place, the mortgages being bought up by the Federal  
22 Reserve, and so on. The prices of existing homes probably will decline about--about 14%,  
23 but we think that's going to be the low point. I think, because of the Case-Shiller Index, the  
24 way it's been trending lately, we'll probably see a little bit further decline in prices, but we  
25 think that the market is starting to bottom out locally. An indication of this is their inventory  
26 of homes to sales, and that's down rather dramatically since the peak of January. So we  
27 think those programs that are in place, plus that people are now starting to look seriously  
28 at home sales, are probably going to start seeing a pickup in both the sales and maybe  
29 moderation in the prices--which will have an effect on the transfer and recordation taxes.  
30 On the more downside is construction. We're still looking at a downside in the residential  
31 construction--I'm just providing residential slides--both in the number of permits and the  
32 number of starts, because that's basically 70%, 80% of both the recordation/transfer taxes  
33 and the new construction, so we focused mainly on that. You can see that the number of  
34 permits are down dramatically in 2009, up through July, and we expect to see probably  
35 that bottom out a little bit, but again, we're at a very low level, both in terms of the value  
36 and the number of permits for FY--calendar. These are calendar year basis. Excuse me.  
37 On the starts, the same trend line, and this is another effect that we're going to see, and  
38 this is probably the more important slide because it will tell us what our new construction  
39 values will be in coming in the next fiscal year. Finally, the update on the vacancy rate.  
40 We're seeing a big bump-up in the commercial vacancy rate of up over 12%. That may



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1 continue to go up, but we are very optimistic that that may have peaked. So finally, in  
2 summary, basically we're looking at maybe some improvement in home sales--still some  
3 modest decline in the prices, but we think that that's near bottom. We're looking at an  
4 inflation rate that is zero, and we're also looking--because of the lagging fact of  
5 employment and the economic activity, we're still probably going to see a little bit more  
6 decline in the employment level.

7  
8 COUNCIL PRESIDENT ANDREWS:

9 Thank you very much for that presentation, and I think what we're going to do now is  
10 move immediately into our panel discussion with the representatives from the Montgomery  
11 County Chamber of Commerce. We've allocated 15 minutes for that, and we're going to  
12 go right into that, and so welcome, Mr. Chris Zindash, the general manager of Crowne  
13 Plaza, Rockville; Brett McMahon, vice president of business development at Miller and  
14 Long; and Andy Stern, president of Andy Stern's Office Furniture to the table to give us  
15 their perspective on the economic status of our County and their sector. So please go  
16 ahead and introduce yourselves so people who are watching can match up a voice with  
17 you.

18  
19 ANDY STERN:

20 Good morning. I think I'm going to start. I'm Andy Stern, from Andy Stern's Office  
21 Furniture. I'm a lifelong resident of Montgomery County, Maryland, and I'm currently a  
22 member of the BCC Chamber Board of Directors. I've also been involved in numerous  
23 non-profit and civic organizations over the past 3 decades. Our company was founded by  
24 my father over 60 years ago, and we have 4 small showrooms in Rockville, Beltsville,  
25 Tysons Corner, and downtown D.C. We are a small company that employs 10 people--10  
26 people whose livelihoods and families rely on the continuing success of our company. We  
27 sell almost exclusively to businesses, and particularly to businesses that are moving  
28 and/or expanding. And, ladies and gentlemen of the County Council, I'm here to tell you  
29 that business is very, very bad. In my 32 years in the family business, I have never seen  
30 anything like this. Companies have hunkered down, and there is a mentality of preserving  
31 resources, not spending. There's just no movement. There is much uncertainty. Our  
32 business is off almost 40% compared to last year, which was down from the year before.  
33 The office furniture business industry in general is off as much, and thousands of people  
34 have lost their jobs. Ladies and gentlemen, out here in the real world, things are very, very  
35 bleak. Our business in Montgomery County is particularly soft, so please don't think that  
36 because unemployment is only--"only"--5.3%, Montgomery County is somehow doing OK.  
37 So what do you do if you're a small business faced with this disastrous situation? Well,  
38 first you go out and try to find as much business as you can. You walk through office  
39 buildings looking for businesses that are expanding or moving, only to find that many,  
40 many of those buildings are half empty, and many of the abandoned offices are filled with

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1 brand-new office furniture, just sitting there. Literally, no one is moving or expanding. You  
2 may hear about some very big leases. The Council may hear about that. But the small- to  
3 mid-size bread-and-butter leases which represent the vast majority of business have dried  
4 up. Not a good situation for anything. The next thing you do when faced with this horrible  
5 downturn is you look at every single line of your P&L, and you try to cut as much as you  
6 possibly can. In our case, I've started with myself. I haven't been paid since last May,  
7 which is a disaster for my family. Then you look at every other expense and try to cut. You  
8 don't spend money. You make no capital purchases. You hunker down. I negotiated a  
9 deal with my Rockville landlord 2 months ago to move our showroom to a smaller, less  
10 desirable location within the same shopping center. This will save us thousands of dollars  
11 a year. The delay? According to Montgomery County inspectors, the bathroom in the new  
12 space is not handicap accessible enough, even though it was built just 5 years ago, has a  
13 wide door, lots of space, handicap bars, and is totally wheelchair accessible. Our landlord  
14 now must rebuild this bathroom to meet changed requirements in order to get an  
15 occupancy permit for us. The delay is devastating, as we still have to pay the higher rent  
16 while we wait for all of this to get done. Government has got to figure out a way to use  
17 common sense and help small business, not fight them. Last Friday, just 4 days ago, we  
18 got the devastating news that the state of Maryland has picked our company, at random,  
19 to do a sales tax audit. Can you imagine the disruption, expense, time, and diversion of  
20 our precious few resources that this will take for a small business such as ours--a  
21 business whose sales have fallen 40% and has lost money year to date? It really makes  
22 no sense whatsoever. Ladies and gentlemen of the County Council, out in the real world,  
23 things are very, very bad. You must do everything you can to help business in this County,  
24 not fight business in this County. Two recommendations. When considering new  
25 legislation, please, please consider the fiscal impact and effect it has on those businesses  
26 you're regulating. Also, the County Council and the Executive must work to streamline the  
27 permitting process across the County, not burden it with more fees and burdensome  
28 requirements, as my small example shows. This County needs to encourage businesses  
29 to move here, not move away from here. Talk to Steve Silverman. He's heard a mouthful  
30 about this recently. Please remember, we are not the bad guys. Without a healthy and  
31 vibrant business community, Montgomery County will never be able to continue to be the  
32 great place to live and raise a family that it is today. Thank you.

33  
34 COUNCIL PRESIDENT ANDREWS:

35 Thank you, Mr. Stern. Who would like to go next?

36  
37 CHRISTOPHER ZINDASH:

38 I'll go. Good morning, Council President, Councilmembers. My name is Christopher  
39 Zindash. I'm the general manager of the Crowne Plaza and Sleep Inn Hotels in Rockville.  
40 As you can see, I have two jobs now. That's how tough the economy has become for us.

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1 I'm going to ask my associate, John Lancaster--he's our director of sales and marketing.  
2 He's going to pass you out a packet of some information. I've got about 60 years of the  
3 lodging world and things that we're dealing with in Rockville boiled down to about 3  
4 minutes, so bear with my speed speech. One thing that we have, and you'll see in this  
5 packet, is we have a metric that we use in the lodging industry called Smith Travel  
6 Research that actually takes data from all of the hotels all over the world, all over the  
7 country, and it reports on them and gives us trend information, and the trend, as Andy has  
8 pointed out, is not looking much better in the lodging business, either. We've been getting  
9 data for over 60 years, and this year is unparalleled. We're seeing 30-40% decreases year  
10 over year in hotel revenues, and we're feeling it here in Montgomery County. My hotels--  
11 and it's embarrassing. I wanted to include some statistics, but I'm down 38% year over  
12 year. Many of you know me. I've been in this market for 11 years. I've run a lot of  
13 successful businesses, but you have to keep your chin up in this economy and know that  
14 a lot of it has to do with things a little bit outside of your control. One glossary term for you.  
15 We use a term called RevPAR. It's kind of revenue per unit measure in our business, so  
16 you'll see it on some of these slides. And that's how we evaluate our business--revenue  
17 per available room. So when we're looking at--I have 150-room Crowne Plaza, 107-room  
18 Sleep Inn Hotel, my RevPAR is based so many dollars per room that I have. The industry  
19 is expected to lose 15-20% revenues this year. We're seeing the same things in  
20 Montgomery County. Unfortunately, to Andy's testament, the industry is losing 30-35% in  
21 profit margin, so you all can do the math. Our expenses aren't going down. My employees  
22 haven't had a raise in 2 years, and I'm trying like heck not to lay anybody off, but it's very  
23 difficult to do. The next 12-18 months in our business at best is unpredictable and  
24 uncertain. We have very volatile cycles that the hotel industry follows. We're the very first  
25 ones to feel the pinch, and we're the very last ones to recover. We start with the first  
26 industry that feels the hit, and we kind of carry it through. Think about all the different  
27 reasons you travel and have meetings in hotels. If I can, very quickly, if you just look  
28 through this packet with me, the first thing is, it's global. The second page of the packet--  
29 it's a global problem, and we're not as far off as Europe and the Middle East, but we're still  
30 off. On the third page, you're going to see key performance indicators, and as you can see  
31 to the right, that RevPAR number I talked about--that 18.1% is a forecasted number, and  
32 it's getting worse and worse. The next page you're going to look at is going to show you  
33 the percent changes over the last 3 years, quarter by quarter. It's interesting. When we  
34 went from the positive to the negative was last summer when the financial markets fell  
35 apart, so as I told you, we start that earlier. The next page talks about RevPAR percent  
36 changes, and it talks about the different recessions--3 different recessions in the last 20  
37 years--the Gulf War of '92, the terrible events of September 11, and what we're now  
38 referring to in our business as the Great Recession of 2008 and 2009. The next slide is  
39 going to be the most important for you, the key 15 markets, and at the top of it, you see  
40 that D.C. has only lost 7.3% in their revenue share this year. Let's not forget an



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1 inauguration was a huge shot in the arm for us in January, when most of my colleagues  
2 were losing their jobs and out of work. You can see from some of the bigger markets, like  
3 New York, Chicago, Miami, and Los Angeles, they're well over 20% losses year over year.  
4 So I caution you to watch very closely what happens with the hotel market here in  
5 December and January. The next slide is just giving you an idea we're forecasting, and  
6 actually, here in Montgomery County, we're going to be very hopeful to only be down 5  
7 more percent. The rest of the year hasn't actualized yet, so this is an optimistic forecast.  
8 The final sheet that I want you to take a look at--and again, my apologies for the quick  
9 review, but you'll notice a lot of negatives in 2009 on this sheet. What we have going on is,  
10 we still have supply growth going on in the hotel business. We have hotels that are still  
11 opening, in a down market, when our demand for hotel rooms is decreasing 7-10%. So it  
12 is not a pretty picture for us, and to Andy's comments, I suggest that anything you can do  
13 to support the CVB and support tourism to our County and give us that shot in the arm so  
14 we can get through this--this difficult time, we appreciate it. Thank you.

15  
16 COUNCIL PRESIDENT ANDREWS:

17 Thank you, Mr. Zindash. And now we'll hear from Mr. Brett McMahon, the vice president  
18 of business development, Miller and Long, right?

19  
20 BRETT McMAHON:

21 Thank you. Good morning, and we're glad to be here after--we've been in Bethesda for  
22 going on about 50 years now. Our company was founded in the District of Columbia in  
23 1947, and two principals have actually also lived--one's passed--but lived in Montgomery  
24 County. The operating principals now live in Montgomery County as does the vast  
25 majority of our workforce, both in the office and out in the field. We have been, over the  
26 last 5 years or 6 years, we've been either the first or second largest company of our kind  
27 in the United States. But the last year and a half has seen a pretty dramatic drop-off,  
28 especially over this past year. Just to give you some statistics, in this office, which is our  
29 main office, and 90% of our operations are run through this office, we've laid off about  
30 50% of our workforce over the last year, which amounts to 1,200 people. Two-thirds of  
31 those are Maryland residents. I apologize. I was trying to figure out how to actually  
32 calculate the number of Montgomery County residents that includes, but still, a huge  
33 chunk of people. The construction industry nationwide is about 18% unemployment and  
34 growing. We are now down to employing just under a thousand people through our main  
35 office, in field operations and office staff. We've done one round and probably doing  
36 another round of across the board, from chairman all the way down, wage cuts, and our  
37 revenues, which is basically the contracts to be completed and expected, are down about  
38 50% from this time last year. Our backlog is--which is, you know, contracts yet to be  
39 completed--is actually lower than that. Basically went from about \$300 million a year  
40 company to about \$150 million a year company over this year, and expect to be smaller

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1 than that in the near future. The commercial construction market is, other than a few  
2 hotels, as my colleague here noted, is essentially dead. There really is nothing being  
3 funded. There's no lending being done. And that's actually going to get worse significantly  
4 before it gets better. There are a number of fairly large shoes to drop in the financial  
5 industry that really--I mean, really, this is way beyond anybody here's control, and it's just--  
6 -it's a fact. We are going to go through a series of insurance and surety bonding issues  
7 that will wipe out a large section of smaller, undercapitalized contractors in the next 6  
8 months, and so those people will be looking for work, as well. Industry wide, layoffs in the  
9 hourly sector probably have exceeded 50% for most of our competitors and other like-  
10 sized contractors in other trades, and about 25% of office staffs have been laid off, both  
11 by us and by our cohorts in the industry. We are currently just completing work on our 2  
12 remaining projects in the state of Maryland. One is Oakland Hall at University of Maryland  
13 - College Park, which is basically clean down, and the National Intrepid Center of  
14 Excellence over at National Naval Medical Center, the Walter Reed relocation. Other than  
15 that, there is nothing else. We are building nothing else in the state of Maryland. We're not  
16 expecting this situation to improve for at least 18 months, probably 24. There are just too  
17 many large factors that are really on a macro scale that really are going to be very, very  
18 difficult to...difficult to handle for the entire industry, and really can't really be affected very  
19 much, unfortunately, by County Council or most arms of government. The point that we're  
20 trying to make is that we are more sensitive now than we have ever been. This is worse  
21 than '91-'92. It's significantly worse, actually, because back then there was sort of a road  
22 to recovery that you could see. There were instruments the government could enact to  
23 change things. There were interest rates to lower. You can't lower zero. It's serious. I  
24 mean, they are--they've boxed themselves in in a lot of ways. There really are very few  
25 instruments available for the federal government or Federal Reserve to enact to change  
26 the situation. It's that simple. It has to be bought out and worked out, and right now there's  
27 a huge difference between what the banks think their assets are worth and what the  
28 federal government does. I can't count trillions in zeroes, but it's in that neighborhood.  
29 Anything that you enact affects us, more now than ever, in any way, shape, or form--  
30 anything, literally, and it's--what we're basically asking is just be--please consider that as  
31 we go through these times. We will be--a lot of companies will be lucky to survive this next  
32 year or so. I think after the first of the year, you'll see a lot of closures, a lot of people  
33 hanging on by a thread, and people taking work for less than--you know, actually less than  
34 cost. We see it all the time, and we're competing with people that we've never heard of  
35 before because they're not from here. We see 15 people on what's now a bid list, and half  
36 of them are from Texas or Florida or Pennsylvania, quite literally. And it's really gotten  
37 quite remarkable, so that's where we stand. We're just thankful to have a chance to get  
38 heard. Thank you.

39  
40 COUNCIL PRESIDENT ANDREWS:

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1 All right. Well, thank you, Mr. McMahon, Mr. Zindash, and Mr. Stern. That's a--it's  
2 important for us to hear from those in the trenches, as you are, and clearly the news is  
3 grim, and we're about to move on in a few minutes to another grim subject, which is the  
4 County's fiscal situation, but there are a few comments or questions first, and I'll turn first  
5 to Councilmember Trachtenberg, the chair of the Management and Fiscal Policy  
6 Committee, then to Councilmember Ervin and Vice President Berliner.

7  
8 **COUNCILMEMBER TRACHTENBERG:**

9 Thank you, President Andrews. I wanted to express my thanks to all of you this morning  
10 that are here from the business community. It is particularly important to hear your real-life  
11 stories. In fact, I might suggest, submit to my colleagues, that as a regular practice, as we  
12 continue to wrestle with this most difficult economic time, that we actually convene exactly  
13 the same kind of conversation we're having this morning in future months ahead. I am  
14 hoping that won't last too much longer, but again, we don't really know what the case will  
15 be, and if there is something to be concerned about, it's certainly the unemployment  
16 situation in this County and the lag in revenues. Those are the 2 parts of this conversation  
17 that are challenging, but I think we would all agree that those are the two elements that  
18 are not likely to change any day real soon. In fact, I know in the committee, where we do a  
19 certain amount of fiscal work, the one that I chair, the issue of unemployment has come  
20 up routinely, and I would remind colleagues that while the rate has stayed in the 5.5-5.7  
21 range, the truer measurement of that rate is really to include the part-time employment  
22 numbers, as well. In other words, unemployment might be 5.5 according to the latest data,  
23 but the reality is, if you add in those that are managing on part-time employment, that  
24 number is far greater, and I'm sure that all of our representatives this morning could speak  
25 to that and the fact the when people speak about doing with less, part of what they're  
26 doing is changing employment situations to part-time and trying to, again, do more with  
27 less. But I very much appreciate the input this morning, and I'd like to see us have the  
28 benefit of that input on a routine basis. I have some other questions about our fiscal state  
29 and some of our plans for the immediate future. I'm going to leave those questions for  
30 later in the conversation, but again I wanted to acknowledge the participation of our  
31 community partners from the business community, because it is so important to have a  
32 collaborative relationship with you, especially at a time like this.

33  
34 **COUNCIL PRESIDENT ANDREWS:**

35 Thank you, Councilmember Trachtenberg, and I do see Gigi Godwin in the audience as  
36 well, the president of the Montgomery County Chamber, Lisa Fadden, the vice president. I  
37 see Marilyn Balcombe, the president of the Gaithersburg-Germantown Chamber of  
38 Commerce, and I'm sure there are other Chamber leaders, too. Jane Redicker from Silver  
39 Spring and Andy Shulman, so I know this is of tremendous concern to business leaders  
40 throughout the county, and I think it's very important, and I think this has been helpful, to

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1 get firsthand perspectives from business leaders who are going through an extremely  
2 tough time. Councilmember Ervin is next.

3  
4 COUNCILMEMBER ERVIN:

5 Thank you very much. I cannot express how important I think having you here today has  
6 been, not just for the folks here on this dais, but people who might be listening in the  
7 County. I can assure you, Mr. Stern, I really, really appreciate everything you had to say,  
8 and it was a very personal story, and a story that many hundreds and thousands of  
9 families across our region are experiencing. And I think it's important because we live in a  
10 County where many people do not believe we need jobs. I mean, we hear people come to  
11 the County Council and give testimony basically saying, "Well, we don't need jobs here in  
12 Montgomery County." We hear that. So the discourse in this County, for years now, has  
13 been anti-business, and those chickens have come home to roost, and we're seeing it--I  
14 can assure you--you mentioned in your testimony that we need to live in the real world. I  
15 live in the real world, and members of my own family are unemployed, and I have young  
16 sons in their 20s who would like to remain in Montgomery County. They can't find work.  
17 We hear every single day in our offices--and I'm not just speaking for myself, but for all 9  
18 of us--the kinds of things that families are having to go through in this economy. But  
19 hearing from you is so incredibly important because we need to begin to balance all of this  
20 so that it makes more sense--not just to people who make policy and have to decide on  
21 some very important issues that are coming before us, but I hope that people who are  
22 listening in can hear from all 3 of what you had--all 3 of you who came today to talk to us  
23 that this isn't going to go away anytime soon, and we are going to make decisions that are  
24 going to impact this County for many, many years to come. I would hope that this is not  
25 the first time we see you all, that this is an ongoing conversation. I really appreciate all the  
26 Chambers being here, my own Chamber President Jane Redicker and, of course, Gigi  
27 Godwin, who represents the business community so well here in the county. So, we, as  
28 policymakers, need to hear from you, but we really need to get the word out into this  
29 community that to be antibusiness in Montgomery County is to be anti-Montgomery  
30 County. So, thank you all for being here.

31  
32 COUNCIL PRESIDENT ANDREWS:

33 Thank you, Councilmember Ervin. Council Vice President Berliner.

34  
35 COUNCIL VICE PRESIDENT BERLINER:

36 I guess what I was struck by was the last presentation in particular with respect to the  
37 additional shoes that are still to drop because that's something that most of us, as we read  
38 the paper every day, we get these glimmers of hope that, "oh, my goodness, maybe we  
39 are at the end of this," and you have suggested quite strongly that there are things  
40 working their way through the system that have yet to, if you will, fully unfold that are



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1 negative in the extreme. I was hoping you could give a little more voice to that so that we  
2 understand it a little better than we do as to the nature of it. My colleagues and I have  
3 been concerned about a number of our strip malls' operators and what happens in this  
4 economy--who owns their paper and what happens when that paper comes due and what  
5 happens there--but you seem to imply something much broader. I was hoping you could--

6  
7 **BRETT McMAHON:**

8 I think commercial foreclosures is number one on that list, but there's also an enormous  
9 spread between--enormous is really not the right word. I'm not sure what the right  
10 adjective is for \$6 trillion, but an enormous spread between what the value of assets that  
11 banks and other lending institutions are carrying for the value of these assets and what, at  
12 least thus far, the federal government has been willing to value them at. I don't know how  
13 you fix that problem. I don't--

14  
15 **COUNCIL VICE PRESIDENT BERLINER:**

16 Then how does it manifest itself in the real world?

17  
18 **BRETT McMAHON:**

19 Somehow, you're gonna have to liquidate those assets. Somebody's gonna have to chew  
20 that up, and either that's a bank or the government or both. That I don't understand. I  
21 mean, I don't understand how that problem works out. I was an Econ. student at  
22 Maryland, as well, so it's hard to get a bunch of economists in a room and actually have  
23 them agree on much of anything, but those things are real, and I think the way companies  
24 have been operating, just kind of hanging on a thread--and this is largely anecdotal--but  
25 we know from our competitors and from other people in our trades, they've been literally  
26 taking work at a loss. Most of us own our own equipment, so we donate it, effectively, to  
27 the jobs and then cut below that, and we've been doing that for a while. Smaller  
28 companies that are far less capitalized than us have been doing the same thing. You just  
29 can't maintain that for very long, and those are the main things. The surety industry will  
30 start doing their reviews and everything, and all of a sudden, everybody's bonding  
31 capacity is gonna dissipate or disappear, and they're gone, and it's that simple. Our  
32 industry is very, very risky, always has been, and this in particular on a systemic way is  
33 gonna really hammer a lot of, especially, small businesses. Those of us that are  
34 considered large are gonna be much, much smaller, as we are already. Those are things  
35 that concern us systemically.

36  
37 **ANDY STERN:**

38 May I make a comment? I think that what happens is, when you hear that --even if you're  
39 not in the construction business, you're in a related business--what happens is,  
40 psychologically, businesses just stop all movement. There's no capital purchases going



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1 on. There's no expansion going on. There's no hiring going on because everyone is so  
2 unsure of what's gonna happen over the next year. So, it's kind of a self-fulfilling  
3 psychological problem out there, too, besides the real problem. Businesses, just like  
4 consumers, are just making decisions to not spend any money and grow.

5  
6 BRETT McMAHON:

7 Can I give you one real-world example, a perfect example? Connecticut and K Street. 2  
8 1/2 years ago, it was the most valuable real estate--if not in the United States, almost the  
9 world-- privately owned, privately developed. Knocked down the building that was just  
10 there to put a law firm there, preleased 100%, 12-story building. Then the financial crisis  
11 hit, and I think now they're getting ready to start construction, but it had been sitting as a  
12 gravel parking lot for almost a year, Connecticut and K Streets. It's Washington, DC. It  
13 doesn't get a whole lot better than that. It's just an indication of where things are when  
14 they're that bad.

15  
16 CHRISTOPHER ZINDASH:

17 Yep. I just wanted to add, as well, along to his sentiments there, as Crowne Plaza  
18 International, our holding firm, built a hotel at O'Hare Airport, opened it one year ago, \$45  
19 million asset. The owners of the hotel walked into the bank and set the keys on the  
20 counter and said, "It's easier for us to walk away than to pay the debt service on this hotel,  
21 we're so upside down." The bank looked at them, looked at the keys, looked at them  
22 again, handed the keys back, and said, "No, you don't. What are we gonna do with this  
23 \$45 million asset? You have a fiduciary responsibility to your shareholders to do the best  
24 you can to run this business." So, in our business, that's kind of where we're at. So, when  
25 you're talking about strip malls and thing of that nature, we're getting to a point where  
26 we're just kind of floating along because nobody knows what to do or what the next step  
27 will be, and the uncertainty is terrible.

28  
29 COUNCIL VICE PRESIDENT BERLINER:

30 One of the points you have made, of course, is also that this is gonna go on for some  
31 period of time, perhaps 24 months, I believe was your best estimate. Seemed to me that  
32 part of our challenge going forward, of course, is trying to figure out what the budgetary  
33 implications of this are going to be for Montgomery County, and if this is, if you will, the  
34 new normal, what does that mean for the services that county government provides its  
35 citizens? And my request to the Chamber is for you to join us in that conversation. It is a  
36 conversation that, quite frankly, I believe you've been mostly absent from historically in  
37 terms of looking at our budget and helping us to find the nature of services that the county  
38 is going to provide on an ongoing basis. What steps do we need to take to re-engineer  
39 government on a going-forward basis? If this is the new normal, it's something that I know  
40 the chairman of the MFP Committee has been committed to and that others of us have



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1 been asking ourselves, and we need to find the answers to that in a heartbeat. Next year,  
2 we need to have those answers, and we need you to participate in that in a much fuller  
3 way than you have before. So, that's my invitation and request.

4  
5 COUNCIL PRESIDENT ANDREWS:

6 OK. All right. Thank you, Council Vice President Berliner. Councilmember Leventhal.

7  
8 COUNCILMEMBER LEVENTHAL:

9 This was very helpful. Andy Stern, your story about the bathroom that you need that's  
10 holding up your relocation is very telling, and certainly, we would benefit from having any  
11 member of the community give us advice and suggestions about how to survive the  
12 budget, but I do think that legislators also need to think about our role here because we  
13 have a role of oversight over the budget but we also have a tendency to, to follow the old  
14 cliché, if you have a hammer, you think every problem is a nail, and so if there's a problem  
15 out in the community, we think, "We're legislators. Well, the answer must be to legislate."  
16 So. I'll tell you my story from the real world. I need a shed.

17  
18 COUNCILMEMBER FLOREEN:

19 Uh-oh.

20  
21 COUNCILMEMBER LEVENTHAL:

22 I have a lawnmower.

23  
24 COUNCILMEMBER FLOREEN:

25 No.

26  
27 COUNCILMEMBER LEVENTHAL:

28 I have a lawnmower. I have some bicycles. They get rained on. I get a lot of rain. We all  
29 get a lot of rain, and I just want a shed, just a little shed, maybe 8 by 8, and so I have to  
30 go to 5 different agencies. I had to go to the Clerk of the Court to get my plat, but the plat  
31 is insufficient for the information that the Historic Preservation Commission needs  
32 because I'm in the historic district. So, I need to hire a surveyor. That's \$1,000. I need to  
33 go to the City of Takoma Park, and then I need to get the Takoma Park arborist to come  
34 out and make sure the shed doesn't endanger any of the root systems of my trees, and  
35 then finally when all this is done, I need to get a permit from County Department of  
36 Permitting Services. So, I called the shed company, and I told them the story, and the guy  
37 said, "Well, you know, nobody ever gets a permit from Montgomery County. They just put  
38 up the shed. Nobody--" Now, I say--so, two things. So, two things. First of all, I'm not  
39 getting a shed. I just threw up my hands. It's too much government, too much cost. I can't  
40 afford the survey. I could afford the shed--the shed would be about \$1,000--but I can't



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1 afford the other thousand to go through the process, so I'm not getting a shed. So,  
2 whoever was gonna benefit from selling me a shed, I'm not gonna get the shed now.  
3 Secondly, I told them, "I can't afford not to comply with the law because I'm a County  
4 Councilman." If it gets in the newspaper, you know--"Councilman Installs Illegal Shed"--  
5 you know, the bloggers would have a field day, and I just couldn't do it. So, I share that  
6 story with you. I mean, some of us experience the heavy hand of government in our own,  
7 you know, daily lives, and meanwhile, my lawnmower and my bicycles are getting rusted  
8 in the rain, and they'll continue to do that because I just can't comply. It's not feasible for  
9 me to comply, and it's a useful lesson for me and, I think, you know, for all of us in hard  
10 economic times to just think through our role as good stewards of the county's economy,  
11 but not necessarily, even though we're legislators and, by golly, we want to introduce bills  
12 because that's what we do--we have staff. We're all geared up to do it, but we do need to  
13 think about the real consequences. All of these laws--historic preservation and tree  
14 preservation and, you know, permitting and all these requirements--are motivated by good  
15 intent, and I'm not saying we shouldn't have them, and I voted for a bunch of them-- I've  
16 been here 7 years--but as we proceed now, we do also have to think about the  
17 downstream effects of the things that we do.

18  
19 COUNCIL PRESIDENT ANDREWS:

20 OK. Thank you, Councilmember Leventhal. Councilmember Floreen.

21  
22 COUNCILMEMBER FLOREEN:

23 Thank you. I very much want to express my appreciation to you all to coming and  
24 particularly to the Chamber for coordinating our speakers today. I spend a lot of time out  
25 in the community meeting with very different groups of folks, and I think this is one really  
26 important set of stories that needs to be told over and over and over again. Andy feeds  
27 the beast of the hospitality industry, and Brett makes that industry happen. When you  
28 have 3 portions of the body there in turmoil, that tells us a lot about our fiscal future in  
29 Montgomery County. These are jobs that our residents need. George's shed is a job that  
30 someone didn't get. The surveyor didn't get paid because George couldn't afford it. I think  
31 it's really important for us to appreciate that so much of what we do here is connected to  
32 your world and ultimately to our ability to serve our community. The 1,200 folks that Miller  
33 and Long has laid off, I don't think they're paying income taxes right now, and they may be  
34 struggling for their property taxes and certainly their sales tax. I just got an e-mail from  
35 one of my friends in the business community who told me that the Maryland  
36 unemployment insurance fund is running out of money. That's a problem for a lot of  
37 people, not just the uninsured or the insured, but the people who pay the taxes that fund  
38 that fund. I'm told that the business community is going to be looked to to help with that,  
39 and that requires jobs and proposals, employment opportunities that will allow us to  
40 continue to see that revenue come back in. So, thank you for taking this time. I know



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1 coming to speak to the Council is not always the most comfortable environment and  
2 opportunity, but I think it's been very effective today. So, I commend you all.

3  
4 COUNCIL PRESIDENT ANDREWS:

5 Thank you, Councilmember Floreen. We're gonna keep going. We're not gonna stop at  
6 12:30 because we need to get, as well, to our fiscal update from Mr. Farber, and I've  
7 asked Ms. Lauer to inform our County Attorney colleagues upstairs that we'll be joining  
8 them closer to 1:00 for the brown bag. So, I'll now turn to Councilmember Knapp.

9  
10 COUNCILMEMBER KNAPP:

11 Thank you, Mr. President. I would echo the sentiments of my colleagues and thank you for  
12 your participation here today. It's very important for us to hear the stories that you've  
13 shared. I just have one quick question, and you've all referenced kind of the dismal state  
14 of affairs. If and when the economy starts to recover, do you anticipate that your industries  
15 will rebound and look similar to the way they looked prior to the recession, or do you  
16 anticipate that there will be significant restructuring so that, while you'll still be in the same  
17 industry, you will have different ways of doing business?

18  
19 ANDY STERN:

20 I think you're absolutely right. It'll be completely restructured at every level of the industry.  
21 A lot of the manufacturing that used to take place in North Carolina, for example, in our  
22 business and in Michigan is being shipped overseas now to Asia so that less expensive  
23 products can be brought in because of the whole thing, so I can't even imagine how it's  
24 gonna change, but it will be different. It'll never be as big as it was, and it'll be smaller and  
25 more efficiencies, and it will, definitely.

26  
27 BRETT McMAHON:

28 I don't think ours will be quite--we won't pick up as fast for a lot of reasons, things like  
29 equity requirements and stuff like that that slowed down a lot of the development in and  
30 around cities where, thankfully, they don't have this foolish 5% down and you can borrow  
31 95% of \$100 million. That's dumb, but 50% equity or 60% equity also is dumb, but that's  
32 what we look at today. That's literally a case in point in Washington, DC. Those kinds of  
33 things are gonna be not a new normal, but they'll be something somewhere in between  
34 those numbers. Maybe you'll see something different about the way lending is done in the  
35 construction industry, almost guaranteed.

36  
37 COUNCILMEMBER KNAPP:

38 Thank you.

39  
40 CHRISTOPHER ZINDASH:

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1 I think as far as the hospitality business, the biggest challenge is, you know, we're people  
2 serving people. We're an intangible asset unless, of course, you take the towels home,  
3 and I'm watching a little closer these days, but, you know, we need people to serve  
4 people, but with technology on the supply side of how we do things more efficient because  
5 of situations like this, we have to find ways to do things faster, better, et cetera. The other  
6 challenge is, like my colleagues are echoing, our business is going to change. What are  
7 people doing now that still need to have meetings? You know, what has the federal  
8 government done? They've gone to videoconferencing and teleconferencing. This started  
9 around 9/11, and that was a very different type of change because it was more of a  
10 change of fear. This is more of a change of cash, and the biggest challenge we have is  
11 because this is such an unprecedented decrease for us. Typically, when our market falls  
12 4% or 5% in one year, our revenues fall off 4% or 5% in one year, usually we can rebound  
13 in a 3- to 5-year period. The big question now is, we're really hoping it's only 3 to 5 years.

14  
15 COUNCILMEMBER KNAPP:

16 OK. Great. Thank you. And my final observation is--and we've made this observation a  
17 number of times, but I think it's particularly poignant this morning--is, two groups are  
18 noticeably absent who also do have a role in our economic forecasting and planning. One  
19 is our Department of Park and Planning, and the second is our Department of Economic  
20 Development. Economic Development?

21  
22 UNKNOWN SPEAKER:

23 Yes. I'm here with Economics.

24  
25 COUNCILMEMBER KNAPP:

26 Excellent. Good. I was hopeful that someone was gonna be here because he indicated on  
27 Thursday that there were going to be, so that's good, but we still need to get Park and  
28 Planning in the room because there are a number of assumptions in the information that  
29 they present to us that are built on economics that they need to hear the same thing that  
30 we're hearing, and so I applaud Ms. Floreen for suggesting the Council President to have  
31 our representatives from the business community in the room. It's almost full of the right  
32 people, but we're not quite there yet. So, if we can try to get to park and Planning next  
33 time we do a fiscal update, I think it'd be very helpful. Thank you.

34  
35 COUNCIL PRESIDENT ANDREWS:

36 Thank you. Councilmember Navarro.

37  
38 COUNCILMEMBER NAVARRO:

39 I'm the newest member of the County Council, so I'm not really sure in terms of, you know,  
40 what has been the practice of bringing everybody together, but I do concur that this is

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1 really the way to go. As we are facing these unprecedented times and it calls for reframing  
2 the way we operate, I hope that crises like these have then allowed us to think of more  
3 innovative ways to frame our issues because they're all so connected, and fortunately, I  
4 think, in the past, we have operated on this assumption that somehow business is just not,  
5 you know, a friend, and we need to ensure that people understand and put a face to  
6 exactly what it is that you do on a daily basis and how does that connect to jobs and how  
7 it connects to the safety net that we, you know, oftentimes talk about and how all these  
8 regulatory things that we take up do affect what you do, and so I want to thank you and  
9 thank Councilmember Floreen for this opportunity but really hope that this is gonna  
10 become our practice and that you do take the time to come and share with us to put that  
11 face to the issue because we are going to be taking a lot of really unprecedented  
12 decisions and approving a lot of Master Plans and things like that, and I think the  
13 community, you know, we hear from community activists. You know, we hear from people  
14 who represent those who are less fortunate. We hear from the Chambers, et cetera, but  
15 somehow we need to make sure that we're framing the issue in a way that is connected  
16 because you probably hire a lot of people that right now are actually being affected and  
17 are looking towards us for assistance, and so that story needs to be told. So, thank you for  
18 taking the time to be here, and I hope that you will, you know, take it upon yourselves to  
19 come back, and hopefully, we will provide some of those opportunities more and more  
20 because I don't see how--and it's been mentioned before--a lot of this is outside our  
21 hands, and a lot of this has been happening for a long time. You know, I have sympathy  
22 for the hospitality industry because my husband, small business owner, started over 15  
23 years ago, started in the hospitality business. You know, 9/11 eviscerated his business.  
24 He had to quickly diversify, but it was a small business, so he's been able to do that  
25 quickly. For larger companies such as yours, you know, this has been an ongoing  
26 challenge, and so I understand that, you know, we're all affected by this, and I hope that  
27 we institute this as a practice because it will serve all of us very well, and it will serve, I  
28 think, the public to understand the connection between having a healthy economic climate  
29 in Montgomery County also leads us to have better resources to address the issues of  
30 those who are most vulnerable, and it's a symbiotic relationship. So, thanks.

31  
32 COUNCIL PRESIDENT ANDREWS:

33 OK. Thank you, Councilmember Navarro, and I agree. It's very helpful to have firsthand  
34 perspectives from the front. I was struck by a lot of what was said, and I wanted to come  
35 back to one point that Mr. Zindash made, which was really the relationship between  
36 supply and demand, and what I heard you saying is that you need more demand out there  
37 for your product, that you're seeing a decline in usage of hotel rooms, which is putting  
38 pressure on the industry. At the same time, there are more hotels opening up, creating  
39 more supply, more capacity than you actually can handle, and so I think we have to be  
40 very careful about focusing on what the problem is. In the case of the hotel industry, it's



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1 not a shortage. It's not a shortage of supply at this point. It's a shortage of demand, and  
2 what the county is trying to do to, in its own small way because we're part of a very large  
3 picture here, is to keep that demand at a decent level, and what the county has done is to  
4 do that by not raising tax rates, by avoiding laying people off so that we don't contribute to  
5 the problem, by protecting those essential services and services to the most vulnerable  
6 who are being hit by the recession, and so I think we have to really focus on what the  
7 biggest challenge has been right now, which has been a lack of demand for many  
8 products in the community, which has been the whole theory behind the federal stimulus,  
9 was to increase aggregate demand, and it has done so, and that's my way of trying to  
10 segue into the next issue, and I thank you all for your participation. Mr. Zindash, Mr.  
11 McMahon, Mr. Stern, we very much appreciate you taking the time to be here, and I'll turn  
12 to Mr. Steve Farber, our Council Staff Director. Take us through the fiscal situation, fiscal  
13 update for the county. How's that picture look, and what are the latest estimates and  
14 projections? So, Mr. Farber.

15  
16 STEPHEN FARBER:

17 Right. In the interest of time, I think what we're going to do is to hear from Mr. Beach and  
18 Ms. Barrett. They will summarize the information that they have transmitted in conjunction  
19 with the County Executive, and I think what we'll find is a very close relationship between  
20 what they have to say and what we have just heard from members of our business  
21 community. Joe, do you want to start off, and then, Jennifer, perhaps you could talk about  
22 the revenue picture?

23  
24 JOE BEACH:

25 OK. Thank you, Steve. I'll try to keep my remarks brief. Just the update we have since the  
26 last time we spoke to the Council in July is, even with the County Executive's  
27 recommended savings plan of close to \$30 million, we're still looking at a gap for FY11 of  
28 over 360 million. One of the reasons for the gap remaining at that level would be the  
29 nearly 20 million in reduction in state aid that we were notified of in August of this year. I  
30 think Steve's packet does an excellent job of sort of summarizing the issues in terms of  
31 those factors that could bring the gap down, which are highlighted here, and, of course,  
32 there's consequences to each of those actions, and at this point, they're in their abstract.  
33 They're not recommended. We still have a while to go before these decisions are made,  
34 but, of course, the wage reductions, or the wage freeze, would have to be negotiated with  
35 the county unions, as well. On number 3, OPEB prefunding is an option we took, for the  
36 most part, last year, with the exception of the portion of the liability for public schools, but  
37 that would merely be deferring a liability rather than actual long-term solution and, of  
38 course, if we maintain reserves at 5% rather than the 6% policy level, would be  
39 achievable. That's greater risk with the county's cashflow, especially in light of the  
40 economic and fiscal pressures we're under, and, of course, if we eliminate PAYGO, as we

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1 did last year, that would be less capacity to program in the capital program. So, these are  
2 all solutions. Many of them are one-time solutions, but they all have consequences as well  
3 as other points in the budget. On the other hand, there's a few factors that remain to be  
4 resolved, one of which is the potential for another round of state aid cuts in FY10. I believe  
5 the state's latest projection of their FY11 budget gap is about 2 billion. If I'm not mistaken,  
6 I think at this time last year, it was 1 billion. So, that's gonna have some implications for  
7 local aid, both, I think, in this year and in the next fiscal year. We're still awaiting the  
8 Attorney General's opinion on the county's treatment of maintenance of effort in the FY10  
9 budget. So, that remains an uncertainty, as well, and we also have--on page 3, it's listed,  
10 as well--the potential shifting of state responsibilities to the localities, including teacher  
11 retirement and other state obligations, as well, which could increase the gap and would  
12 have implications for the actions we would have to take. To date, the County Executive  
13 has recommended--of course, you're aware--with the savings plan for FY10, but we've  
14 also directed our departments to identify reductions of up to 8% in their FY11 budgets for  
15 non-Public Safety departments and 2% reduction levels for Public Safety and Health and  
16 Human Services, and, of course, we're looking at other solutions, as well, as we did last  
17 year to address the budgetary gap.

18  
19 JENNIFER BARRETT:

20 I'll just briefly mention a couple highlights in your packet. On Circle 3 is a report that is  
21 preliminary, unaudited, but report on how we ended FY09 from a revenue standpoint, and  
22 the overall impact of those numbers is less than a million dollars up from our estimates in  
23 February that we used in assuming the FY10 budget. So, while, as Joe mentioned, FY09  
24 edition revenues are not gonna help the situation, we don't have bad news to report. I'll  
25 also direct your attention to a update on revenue estimates. It begins on page 10, but we'll  
26 talk from just page 15, and David is still here if you have any questions on this, but this is  
27 a year-over-year comparison on just some of the major revenue sources, and you can see  
28 that--and this isn't an overall number, but for these sources--you can see a 4.6% year-  
29 over-year FY08 to FY09. Again, FY09 did not disappoint us greatly in that respect. Finally,  
30 you heard Mr. Platt's presentation this morning about the economic indicators and kind of  
31 some of the directions that we're looking at on those. We will be monitoring, or basically  
32 recalculating, property tax. That's one of the places that we're gonna have to focus.  
33 Because inflation is so low, basically flat, that has implications for revenues under the  
34 charter limit. We'll be testing our assumptions on the income tax based on the  
35 employment numbers and, as David mentioned, monitoring September numbers to see  
36 how we feel about the outlook because until we get through the summer, we can't really  
37 react to what we're seeing in those numbers on the unemployment. Transfer recordation  
38 is a place where the housing market--although the sales are increasing but the prices are  
39 decelerating, the decline--we'll have to monitor that situation and then, of course,  
40 investment income, as it remains flat. So, those are things we'll be monitoring. Finally, I





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1 just want to mention something that Mr. Farber is aware of and has access to if you need  
2 it, but we're monitoring the situation. Prince George's County recently received a ratings  
3 outlook of negative from Fitch Ratings, and that was based on some of their situations  
4 with their reserves, their concern about their ability to continue to be flexible, and it's not  
5 just reserve levels, but it's reserve levels, maintaining financial flexibility, and being able to  
6 regain structurally balanced budgets in spite of the revenue-raising limitations and  
7 spending pressures that they have. So, it's just an outlook at this time, but it's something  
8 we'll be monitoring as it applies to Montgomery County.

9  
10 STEPHEN FARBER:

11 Every edition of the Fiscal Plan is a snapshot in time, and this time, the chief changes  
12 from two months ago when we last did this, as Mr. Beach said, are, first of all, the news  
13 from the state about state cuts--and those, we've taken into account--and then also the  
14 County Executive's recommended savings plan, and that accounts for the 364.4 million  
15 estimate of our Fiscal '11 gap at this point. The next update that the Council President has  
16 scheduled is on November 24, two months from now, so that the Council can continue to  
17 monitor this situation very closely. With respect to this table here that comes from my  
18 packet, I think Mr. Beach spoke well to these issues. What I've suggested here--and these  
19 are just possible options--is about 285 million of the \$364 million gap, but, of course, these  
20 are all very sensitive issues. We did not have COLAs in Fiscal '10, and this would extend  
21 that to Fiscal '11. We did have step increases in Fiscal '10, but again in Fiscal '11, they  
22 would amount to close to \$28 million. With regard to the retiree health insurance  
23 prefunding, what's interesting is that just two years ago, in 2007, the County Executive  
24 strongly urged that we have a 5-year funding schedule for that, and the Council agreed,  
25 and if we had adhered to that schedule, the Fiscal '11 amount would actually be 148.9  
26 million. As Mr. Beach said, what we're really doing here is deferring an obligation. We  
27 haven't reduced the obligation, and we do have commitments to our retirees of all  
28 agencies that, obviously, we want to keep, so deferring a problem isn't solving it, and Mr.  
29 Beach, I think, commented right on point with respect to both the reducing the reserve  
30 from 6% to 5% or eliminating PAYGO. Linda, could you show us the next slide? This is  
31 also from my packet. Keep in mind that these measures--and, again, all of them are quite  
32 controversial--if they were all taken, the ones we just looked at, we would still have a gap  
33 in Fiscal '11 of \$79 million, but as we've heard from Mr. Beach and Ms. Barrett and Mr.  
34 Platt, there are other factors that could raise the gap above that level. Number one, we  
35 know that the state wrote down its revenues again this month, and there could be  
36 implications of that. Eloise Foster, the Budget Secretary for the state, is looking for 300  
37 million in additional reductions, some of which are almost surely likely to come our way.  
38 Then we have, as Mr. Beach pointed out, a \$2 billion state gap for Fiscal '11. The  
39 Governor is going to have to close that in some way. Hopefully, we'll be able to meet the  
40 proposed \$30 million savings plan target, but we've not altogether met them in the past,

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1 and that might be an issue again. We've heard about the possible write-down of county  
2 revenues this coming November, when Finance will do it, and again next March. Now,  
3 hopefully, we'll be able to write up some revenues, but as you see, point number 5, we  
4 already know that, compared to our current estimate, there's likely to be as much as a \$45  
5 million write-down of the property tax revenue, and that's because the Charter limit, which  
6 relies on the inflation calculation, we have inflation of zero, and I think Mr. Platt's earlier  
7 assumption was something north of 3%, and so that, we can almost bank on as a  
8 problem. Then, of course, we discussed last time this joint legislative work group to study  
9 state, county, and municipal fiscal relationships. That group actually met on September  
10 17, again, no clear direction as to where that group is going, but I think there are some  
11 agendas that folks have that we're all familiar with, and finally, of course, as Mr. Beach  
12 mentioned, there is the maintenance of effort issue. We have not yet heard from the  
13 Attorney General. Hopefully, we will soon, and then the state Board of Education has to  
14 decide whether or not to impose a penalty. It seem inconceivable for a whole set of  
15 reasons that that would happen, but if there were a penalty imposed, it could be in the  
16 range of \$33 million to \$57 million. So, these are the factors that could increase the gap  
17 above \$79 million, even if all of the actions from the previous slide were, in fact, taken.  
18 Two other quick observations. This is the time when the Council, under our new spending  
19 affordability process, gives guidance to the outside agencies--the schools, the college,  
20 and Park and Planning --because they are working very hard on their budgets right now,  
21 and those budgets all go to their governing boards in December. They'll be pretty much  
22 put to bed two months from now, and it seems to me that the watchword to these  
23 agencies-- the watchwords are "caution" and "restraint." There's no question about it,  
24 given what we see here. I did put in the packet the Howard County economic indicators,  
25 and there was a comment from their business community that parallels what we heard a  
26 few minutes ago. They say most business leaders are not optimistic about a return to any  
27 sense of normalcy in the near future, and I think that certainly reflects what we've heard,  
28 and finally, Mr. Berliner used the term "new normal." This is something I think that we've  
29 heard initially from Bill Gross, the Managing Director at PIMCO, and it is his contention  
30 and the contention of some other analysts--not all agree, of course--that basically, the  
31 excesses of recent years are going to be replaced by a new normal characterized by  
32 slower growth, higher unemployment, lower consumption, and this, of course, would have  
33 major implications for revenues for governments at the federal, state, and local level. We  
34 are blessed, compared to many other jurisdictions, by so many measures, our  
35 unemployment rate and so many others, and yet everything is relative, and relative to  
36 where we were, say, two years ago, clearly we're way down and are going to be fighting  
37 our way back, and so that raises the question, how are we gonna grapple with this set of  
38 issues in the coming year, and are the steps we're contemplating commensurate with the  
39 problem? Mr. Knapp several years ago raised the issue of budget priorities, and what we  
40 found is that nothing is in the budget by mistake and that setting priorities is easier said

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1 than done, and then we have 4/5 of the budget that relates to personnel costs for us as for  
2 every other local government, and that, of course, is a challenging issue, as well. So, I  
3 think we do have our work cut out for us, and I think that OMB and Finance have once  
4 again done an excellent job in laying out the parameters of the challenges that confront  
5 us.

6  
7 COUNCIL PRESIDENT ANDREWS:

8 Thank you. Thank you all. I think you have done a good job laying out the challenges that  
9 face the county. As people recall, this operating budget, tax-supported operating budget,  
10 that was approved for FY10 was the first budget that was smaller than the previous year's  
11 in the last 18 years, and I would say, based on the numbers that we have before us, it's a  
12 foregone conclusion that the tax-supported operating budget in FY11 is gonna be less  
13 than FY10. I'll turn first to Councilmember Trachtenberg, the Chair of the Management  
14 and Fiscal Policy Committee, then Councilmember Elrich and then Councilmember  
15 Knapp, and we'll go down the line.

16  
17 COUNCILMEMBER TRACHTENBERG:

18 Mm-hmm. Thank you, President Andrews. I know that, you know, as we continue these  
19 conversations we're gonna continue to struggle with some of the uncertainty and risk, and  
20 some of that clearly relates to the state dollars, the lack of them, and obviously the issue  
21 that is out there still around the maintenance of effort. One of the things that I have raised  
22 in some conversations is the work of the legislative work group that's been formed to  
23 study the state and county and municipal fiscal relationships, and I wondered if we could  
24 have a little bit of definition briefly this morning about what we know about the discussions  
25 that took place in September. I believe that there was a meeting that was held, and I  
26 wonder if we can just talk briefly about that, Steve.

27  
28 STEPHEN FARBER:

29 Well, there was a meeting--as you say, Councilmember Trachtenberg--on September 17,  
30 and I did e-mail to the Council all of the documents that were prepared by Warren  
31 Deschenaux and others for that session. They basically made no recommendations. I  
32 think discussions are ongoing, and frankly, the timetable as to recommendations is not  
33 clear at this point. So, I don't really think we know much more than that, except that all  
34 sorts of issues of moment to us, needless to say, are going to be discussed during the  
35 course of their deliberations, but so far, they have not made any more progress than that.

36  
37 COUNCILMEMBER TRACHTENBERG:

38 OK. Well, that, I was aware of from the e-mail, and I guess reason I pose the question  
39 was simply, let's continue to monitor what they're doing. I guess the formation of that  
40 particular group was a red flag for me, and I'm not certain that any recommendations are

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1 forthcoming for this year, but it would seem to me that we're gonna see some  
2 recommendations from them, and I'm not sure we're gonna like them, either. I suspect not.  
3 I would also acknowledge the information that was provided by Ms. Barrett about the  
4 reserves and in particular what's going on in Prince George's County. I was aware of the  
5 negative outlook that was received, and clearly, the fact that our reserves are low provides  
6 a lack of options and flexibility. In other words, I think it's something that we have to  
7 continue to keep in mind as we move forward. Certainly, it's an issue that will be  
8 discussed in upcoming bond rating agency trips, and we've got our next trip scheduled  
9 next week. The other thing that I would ask staff to comment on is really what we've done  
10 in the past to create some level of comfort. In other words, the fact that we are going or  
11 likely to go into the reserves again and not be able to support OPEB and we've clearly got  
12 to work on aligning our expenditures with our revenues would seem to me that part of  
13 what we're gonna have to accomplish, and I know Mr. Beach and I have talked about this  
14 as an exit strategy, as we did back in the Nineties, and I wondered if you could just very  
15 briefly talk about what that had looked like. I just want to again remind colleagues that I  
16 see this as really critical not in the short term, but something that we're gonna have to  
17 really have a plan on come next May, June after we've passed the next operating budget.

18  
19 JENNIFER BARRETT:

20 We are going to have to adjust some kind of an exit strategy. As we referenced before  
21 and is in Mr. Beach's materials, there is a need to be able to show the rating agencies  
22 how we're gonna get back to our policy levels in all those areas, but I will also say that  
23 part of our case that we make in Montgomery County is that while we did have to reduce  
24 reserves, in part, that's why they're there, but we do also demonstrate a willingness to act  
25 quickly, to react. We quickly implement savings plans. We quickly implement hiring  
26 freezes. We do frequent economic updates, such as we're doing today. We have had  
27 conservative revenue estimates, not unconservative ones which can simply get you into  
28 more trouble. We have shown a willingness to reduce expenditures, and we have not  
29 touched our rainy day fund, our revenue stabilization fund, so as with everything, with the  
30 rating agencies, as we've pointed out in many different areas, it's a large picture that we  
31 try to describe to them.

32  
33 COUNCILMEMBER TRACHTENBERG:

34 Mm-hmm. I appreciate those remarks, and obviously, we anticipate in late October to  
35 have a savings plan provided to us from the executive branch, and I would note for my  
36 colleagues on Circle 5 in the outline of the FY10-11 fiscal issues and under the category  
37 of savings plan, one of the things that is stated is, "Service reductions and mid-year  
38 layoffs may be required to produce meaningful and reliable savings," and I would just  
39 again underscore that, no doubt, that's gonna be part of the difficult conversation that  
40 we're gonna have to have over here at the Council Building, and we anticipate the plan

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1 from the executive branch, and I would also share with my colleagues that if you look at  
2 the quarter analysis, which is on Circle 3, again comparing the March estimate with the  
3 preliminary unaudited numbers, I always like to say that our fiscal team has a very high  
4 batting average, and you do. You know, we do tend to forecast on the conservative side,  
5 and our numbers are always very reliable, in my opinion, and I want to acknowledge the  
6 hard work of those that represent us, both in the Finance Department and the Office of  
7 Management and Budget.

8  
9 COUNCIL PRESIDENT ANDREWS:

10 Thank you, Councilmember Trachtenberg. Councilmember Elrich.

11  
12 COUNCILMEMBER ELRICH:

13 I have a couple of questions. The first is, is your projected expenditure growth--is this the  
14 historical trend line, or is this based on what you actually think you're gonna do? Because  
15 we had this discussion last year, and we're clearly not following the historical trend line.

16  
17 JOE BEACH:

18 No, not at all. The expenditure growth for FY11, which you would see on Circle 4 of the  
19 packet, is based on the concept of major known commitments. That is, for the county  
20 government and each of the agencies, county government asks its departments, and we  
21 ask our agencies--MCPS, Park and Planning--to produce what their understanding of next  
22 year's contractual obligation, programmatic commitments, policy commitments, operating  
23 impacts of capital projects, that sort of thing. Those major known commitments plus an  
24 estimate of potential compensation are included in the packet on Circle page 7, as well, so  
25 the projection for FY11 here that produces a gap is not based on trend. It's based on an  
26 estimate of commitments for FY11.

27  
28 COUNCILMEMBER ELRICH:

29 So, your assumptions for MCPS, do they assume growth and then the COLA is, you  
30 know, outside of the growth in the regular operating budget?

31  
32 JOE BEACH:

33 Correct. For MCPS, for instance, their projected increase costs for FY11 would include  
34 group insurance cost increases, retirement cost increases, some other costs related to  
35 their collective bargaining agreement-- non-COLA, that is--and then cost increase due to  
36 new enrollment as well as instructional material, nonpublic placements, that sort of thing,  
37 so specific projected commitments.

38  
39 COUNCILMEMBER ELRICH:

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1 And will this number lead us into another conflict that we can predict over maintenance of  
2 effort?

3  
4 JOE BEACH:

5 It's possible. This is also a different method of reaching the MCPS budget than just going  
6 for maintenance of effort, which is just, you know, same per-people funding. This is based  
7 on specific costs that they know about, which is, I think, quite under what a maintenance  
8 of effort budget would produce.

9  
10 COUNCILMEMBER ELRICH:

11 I happen to think there's some value in knowing that we may be colliding with that right  
12 now rather than having this discussion later on. You mention Prince George's County's  
13 revenues, or reserves. How do they compare to ours, and how does their situation  
14 compare to ours?

15  
16 JOE BEACH:

17 Well, Prince George's County, as I understand their reserve policy, it's approximately 7%  
18 of their resources. Ours, by comparison, is 6%. It's broken up into two components, 5% of  
19 which, I recall--there's a good article in the paper this weekend about their reserve  
20 policies--would be for specific commitments, and another 2% would be for an additional  
21 operating reserve on top of that. In the same article that was in the "Washington Post" this  
22 Sunday, a public finance expert from the University of Tennessee said it was standard  
23 12% to 14% per states, certain amount lesser for local governments, but obviously, that  
24 compares. It's more than double what the county's reserve level, our policy, is at 6%.

25  
26 COUNCILMEMBER ELRICH:

27 So, do you view us as more at risk than Prince George's County, or are there other factors  
28 that were weighed in there that go beyond just that number?

29  
30 JOE BEACH:

31 I would say that--

32  
33 JENNIFER BARRETT:

34 This goes back to the big picture.

35  
36 JOE BEACH:

37 I'd say, yeah. I mean, I would say we have less flexibility in light of the economic  
38 pressures that we're under. There are risk of potential revenue losses. There is that risk to  
39 our reserves, as well.

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1 STEPHEN FARBER:

2 I think one difference with Prince George's County is trim, and that really changes the  
3 equation and has led them to feel that they've got to have very substantial reserves  
4 because they don't have the flexibility that we would have in that regard.

5  
6 COUNCILMEMBER ELRICH:

7 OK. My last question is, what circumstances would lead you to visit the rainy day fund?  
8 Do you guys have a scenario for this?

9  
10 JENNIFER BARRETT:

11 No. We've monitored this. It has very specific requirements set forth in the law, and it's  
12 certain indicators in terms of employment and--I'll ask David to just answer because it's  
13 very specific trends that we have to follow and has to be bad a certain number of months  
14 in a row, as I recall.

15  
16 COUNCILMEMBER ELRICH:

17 How bad?

18  
19 DAVID PLATT:

20 There are basically --your economists will talk about the employment, coincident indicator,  
21 and there's one other one. I'm sorry it eludes me right now, but we'll get back to you on  
22 the third one. There's 3 factors that are contributed to determining whether we hit the fund  
23 or not.

24  
25 COUNCILMEMBER ELRICH:

26 So, there are actual conditions. This isn't an arbitrary thing that people can decide whether  
27 or not they want to go there. There are conditions that would trigger the arbitrary decision  
28 to go there.

29  
30 DAVID PLATT:

31 That's correct.

32  
33 COUNCILMEMBER ELRICH:

34 OK. I'd like to know what those conditions are.

35  
36 COUNCIL PRESIDENT ANDREWS:

37 Thank you, Councilmember Elrich. Councilmember Knapp.

38  
39 COUNCILMEMBER KNAPP:



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1 Thank you, Mr. President. Mr. Beach raised the notion of what was put on the board as a  
2 series of one-time solutions, and I believe that to be true, and I ask the question I did of  
3 the folks from the business community because I think it was relevant in that the industries  
4 we're gonna be looking at going forward are gonna look very different than they did before  
5 they went into this recession. The interesting thing to me as I've looked at governments,  
6 whether the state level or at the county level, have yet to make that same recognition that  
7 we need to look different coming out the other end. We're all cutting back on things that  
8 we're spending, but we're not necessarily making the structural changes that will allow us  
9 to be better positioned as we move forward. I guess one of the questions, one of the  
10 issues that we addressed last year in the budget was--it came in the form of a retirement  
11 incentive program, and I think there was guidance from the Council to start putting  
12 together a more targeted retirement incentive program going into this year because we  
13 know that's where a lot of the costs are going to be and where the potential savings may  
14 be which will allow us to potentially work differently as a county. Is there a process in  
15 place right now that is being put together to look at how our retirement incentive program  
16 or other structural modification will be taken to employment that will be put into this  
17 coming year's budget?

18  
19 JOE BEACH:

20 At this point, we are not developing a new retirement incentive program. I think the  
21 process that we're looking at right now is, in the first case, we want to look at the advice  
22 from our departments in terms of how they would meet the targeted reductions. We're  
23 doing our separate analysis within OMB of department structure and organization and  
24 staffing levels, as well. What we want to do after we receive those recommendations is  
25 determine where would those reductions come from, how they would match up with the  
26 county's priorities, the County Executive and the County Council priorities, and if those  
27 reductions could be facilitated or enhanced by a retirement incentive program, producing  
28 long-term savings, and I think that's something we would come forward with. If, on the  
29 other hand, the analysis shows that a retirement incentive program wouldn't be a good  
30 complement to it, I don't think you should expect to receive that. In any event, given the  
31 analysis from OLO and the reception from the Council, I think we're gonna just take that  
32 into mind in considering any new retirement incentive program.

33  
34 COUNCILMEMBER KNAPP:

35 I think the issue wasn't so much with the retirement incentive program, per se, as it was  
36 that there wasn't a targeted approach to where those positions were located, and I guess  
37 the issue I would raise is, that's not something that could probably be done in the 6 weeks  
38 that the Council deliberates over the budget, and so to the extent that there are elements  
39 that the executive branch is looking at as far as restructuring, whether it's through MFP or  
40 through other committees, I think it's important to start that dialogue sometime this fall so



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1 that it's not something that starts in March because if it doesn't fit and it doesn't connect  
2 with the Council, we're gonna spend a lot of time spinning wheels on something that's  
3 gonna be pretty critical to how we get this job done.

4  
5 JOE BEACH:

6 I agree. Now, where the target of reductions go, of course, is gonna be a reflection of our  
7 priorities, so--

8  
9 COUNCILMEMBER KNAPP:

10 Understood, but I guess just the structural way of how the personnel complements can be  
11 put together, obviously you're gonna take more out of someplace, and the Council may  
12 take more someplace else, but the actual framework and the process can be roughly  
13 equivalent.

14  
15 JOE BEACH:

16 OK.

17  
18 COUNCILMEMBER KNAPP:

19 Mr. Platt, as we look at our property tax on--what is it?--Circle 15, still shows an increase.  
20 A lot of that is because of the fact that we've got the 3-year cycle on property tax. It levels  
21 off not this year, but next year, going into FY-- let's see. We're going to FY11.

22  
23 DAVID PLATT:

24 When you're talking about leveling off, you're talking about in relationship to the Charter  
25 limit?

26  
27 COUNCILMEMBER KNAPP:

28 No, as it relates to--we've got a 3-year assessment cycle, and we're still kind of in the  
29 upward trend, but once we get to--

30  
31 DAVID PLATT:

32 You're in the upward--I'm sorry. Go ahead.

33  
34 COUNCILMEMBER KNAPP:

35 No. That's OK.

36  
37 DAVID PLATT:

38 The upward trend for Group One and Two. Group 3 just got reassessed, and they came  
39 down, but they still had that Homestead Tax Credit, 10%, so they'll have about one more  
40 year that we have built in for this fiscal year for that group. Next year, we'll have, probably

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1 more likely, a decline in Group One and another decline in Group Two, given whatever the  
2 situation is the housing market for the next two years, so we'll think that we'll probably see  
3 a deceleration in the growth of the assessments. We won't see anything negative, but we'll  
4 see a deceleration because once they reach that, it will be flat. That's right. I'm sorry. It's  
5 not all at one time. As each group gets put in--

6  
7 COUNCILMEMBER KNAPP:

8 But, assuming we don't see continued property values increasing, we're gonna see a  
9 leveling off.

10  
11 DAVID PLATT:

12 Leveling off probably within the two years.

13  
14 COUNCILMEMBER KNAPP:

15 OK. Good to know. Thank you. And then finally, I think that the bond trip is going to be  
16 very interesting, and I think it's important for us to kind of understand as a collective what's  
17 the story that we're presenting, and so I've made this request before, and I know we're  
18 going in a week, a week and a half. I think it would be helpful for the Council to see what  
19 that presentation is gonna look like because I think it's important for us to have an  
20 understanding of what it is we're telling people as to how we're pulling ourselves out of  
21 that hole. I mean, as you said, Ms. Barrett, that we're gonna have to show the bond  
22 agencies how we're gonna kind of correct everything once things begin to improve, and I  
23 think it's important for us to understand that as you guys are going into this. We've had a  
24 couple situations in the past 5 or 6 years where presentations have been made to the  
25 bond rating agencies that all of the Council didn't necessarily understand, and we ended  
26 up kind of making commitments, as related to OPEB in particular, that not necessarily the  
27 full Council was aware of, and so as we look at what's the strategy for kind of extricating  
28 ourselves versus a lot of the one-time solutions, I think it's important for the 9 of us to  
29 understand what it is that we're presenting so that when we have the conversations in the  
30 spring, we kind of know what we're committed to or what we're not committed to.

31  
32 COUNCIL PRESIDENT ANDREWS:

33 Thank you, Councilmember Knapp. Councilmember Trachtenberg wanted to comment on  
34 that point, and then Council Vice President Berliner will wrap it up for the morning.

35  
36 COUNCILMEMBER TRACHTENBERG:

37 Mm-hmm. Actually, I would remind my colleagues that last year, I, as the Chair of the MFP  
38 Committee, sent out a memo both before and after the trip with a consolidated set of  
39 slides that were provided during that discussion. Yeah, before and after. There was a  
40 memo that went out after, and the year before, it was done afterwards, so I think if you're



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1 recollecting what went on in terms of process, it was two years back that it was after the  
2 fact, and then last year, I took the liberty after talking with the executive branch of sending  
3 out the consolidated slides, and I followed up with the slides again with the memo that  
4 described what the conversation had been.

5  
6 COUNCILMEMBER KNAPP:

7 So, we should see those next week.

8  
9 COUNCILMEMBER TRACHTENBERG:

10 Yeah, probably. Mm-hmm.

11  
12 COUNCILMEMBER KNAPP:

13 OK.

14  
15 COUNCIL PRESIDENT ANDREWS:

16 Thank you both, and Council Vice President Berliner.

17  
18 COUNCIL VICE PRESIDENT BERLINER:

19 And I appreciate that we are running late, and so I'll be quick. I guess I wanted to return  
20 very briefly the theme that Councilmember Knapp had in his comments and also  
21 piggybacking on what our Staff Director has observed because as I look at these  
22 numbers, after doing unprecedented steps, literally, including stepped increases, that we  
23 have not done for many, many years, we're still looking at 80 million in a gap, an \$80  
24 million gap, and that \$80 million gap is understated by at least 45 million, which puts us to  
25 125 million and doesn't take into account a \$2 billion state budget deficit that is clearly  
26 gonna have ramifications for our county, so we're something in the neighborhood of \$150  
27 million gap after taking measures that this Council is gonna be loath to take, difficult to  
28 take. It is in that context, Mr. Beach, that I want to return to the theme that my colleague  
29 raised with you--guess it was my question--as to the very importance of beginning now  
30 with respect to what a restructured, re-engineered, downsized Montgomery County  
31 government looks like and what the ramifications of that are. You're gonna be presenting  
32 to us a \$30 million budget savings plan in the next several weeks that's gonna be a down  
33 payment on that, and that's gonna be tough enough, but the larger question is gonna be  
34 how to get through this next budget in a serious way that does, in fact, put us in a position  
35 of moving forward, that aren't just one-time cuts, that are serious re-examination of what  
36 our county does, how it goes about it. So what I would like to hear back from you--and it  
37 doesn't need to be in this moment--but I would like the executive branch to present us with  
38 a timeline and a plan with respect to that so that, as my colleague observed, we're not  
39 dealing with this when we get the budget. We cannot be dealing with this conversation  
40 when we get the budget. We need to begin that conversation with all the relevant

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1 stakeholders this fall for sure, and we need you to be a key player in leading that  
2 conversation. So, I guess I would ask for your thoughts with respect to that and whether  
3 we can get a commitment from you in writing with respect to how we get from here to the  
4 budget presentation in a manner that has allowed us to seriously consider the next  
5 evolution of county government.

6  
7 **JOE BEACH:**

8 Well, first of all, the process on reductions, restructuring of government actually has  
9 already begun. Our departments are already at work. OMB is already at work with  
10 revisions to the FY10 and FY11 budget, as well. I think in the last couple of years, we've  
11 also made progress in our discussions and notification and briefing to the Council during  
12 the budget process to minimize those surprises. Now, specific timelines and products  
13 ahead of March 15, the Charter deadline submission date, of course, you know, I think it's  
14 gonna require some additional discussion within the executive branch, and that's  
15 something we can certainly come back to you about.

16  
17 **COUNCIL VICE PRESIDENT BERLINER:**

18 I'd appreciate it. I do think it's necessary in this particular context. Thank you.

19  
20 **COUNCIL PRESIDENT ANDREWS:**

21 Thank you, Council Vice President Berliner. As it was this year, as it will be next year and  
22 likely for a few years after, the dominant challenge facing the county is how best to spend  
23 less not just in terms of a short-term plan, but long-term, as well. We're going to now  
24 break. We're gonna come back at 5 to 1:00 for the public hearing.

25  
26 **COUNCILMEMBER KNAPP:**

27 5 to 2:00.

28  
29 **COUNCIL PRESIDENT ANDREWS:**

30 I'm sorry. 5 to 2:00, 1:55, 5 to 2:00, delay the public hearing from 1:30--

31  
32 **COUNCILMEMBER LEVENTHAL:**

33 Are there witnesses for the public hearing this afternoon, Mr. President?

34  
35 **COUNCIL PRESIDENT ANDREWS:**

36 I don't believe there are. I don't think there are, but we do need to vote. It's an action. So, I  
37 mean, we have two committees meeting right after, so they can move right into committee  
38 meeting. So, down here, 1:55. We're now gonna join the County Attorney for lunch in the  
39 sixth floor conference room.

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1 COUNCIL PRESIDENT ANDREWS:

2 Good afternoon, everybody, and thank you for your patience. The morning session ran  
3 over, so we delayed the start of this public hearing until now from 1:30, and then  
4 immediately after this, the PHED Committee is gonna meet here and the MFP Committee  
5 next door. This is a public hearing on a supplemental appropriation to the County  
6 Government's FY10 Operating Budget for Montgomery County Fire and Rescue Service  
7 in the amount of \$1,001,910 for the Federal Emergency Management Agency National  
8 Urban Search and Rescue Response System Grant, and action is scheduled immediately  
9 following this hearing. There are no speakers signed up for the hearing, although we do  
10 have our Fire Chief, Richard Bowers, in the audience and Chief Scott Graham, as well.  
11 Thank you for being here, and the grant is a grant that would help fund the Urban Search  
12 and Rescue Team which operates as part of Maryland Task Force One. It would help  
13 provide for the team's ongoing activities. The grant funding may cover personnel to  
14 administer the program and training equipment to support the team's readiness to respond  
15 to incidents, so that's what the fund would be for. There is no matching fund required, and  
16 no cost sharing is required. The performance period for the grant is May 1, 2009, through  
17 August 31, 2010. So, this is going straight to the Council, and the public hearing is closed,  
18 so I will make a motion that we approve this supplemental appropriation and seconded by  
19 Councilmember Leventhal.

20  
21 CRYSTAL BROCKINGTON:

22 I need 6 votes.

23  
24 COUNCIL PRESIDENT ANDREWS:

25 Oh. We need 6. OK. Indicated 5 on this one. Hmm. Are you certain? Yeah? It's all right.  
26 Stay here. Yeah. My impression had been that federal grants required 5 votes, but we'll  
27 check, so--

28  
29 MARC ELRICH:

30 You know any impressions?

31  
32 COUNCIL PRESIDENT ANDREWS:

33 Right. Let's see. Well, we have Chief Bowers here. Chief Bowers, do you want to just  
34 come on down and, you know, do a little routine? Ha ha ha! There we go. All right.

35  
36 RICHARD BOWERS:

37 I'll certainly be happy to fill in.

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1 COUNCIL PRESIDENT ANDREWS:

2 There we go. Yeah. Let's see. I think we can predict how you'd vote on this one, so do you  
3 want to say anything about the team?

4  
5 RICHARD BOWERS:

6 Well, certainly, this funding will help--as you indicated, Mr. Andrews--the continued  
7 funding and training and activities that our US&R Team--which is highly regarded and  
8 highly respected in a national venue, if you will-- and also here for home response, too, so  
9 the capacity is not only, you know, national. It's local and regional, so your support, each  
10 one of the councilmembers and the Council as a whole, of this funding request is much  
11 appreciated.

12  
13 COUNCIL PRESIDENT ANDREWS:

14 Your timing is perfect.

15  
16 RICHARD BOWERS:

17 As always.

18  
19 COUNCIL PRESIDENT ANDREWS:

20 All right. Thank you for the summary of what it will do. What we have before us, Council  
21 Vice President Berliner, is the supplemental appropriation to the County Government's  
22 FY10 Operating Budget for Montgomery County Fire and Rescue Service of just over a  
23 million dollars for the Federal Emergency Management Agency National Urban Search  
24 and Rescue Response System Grant. I moved it and seconded by Councilmember  
25 Leventhal, so all those in favor of this supplemental appropriation please raise your hand.  
26 That's Councilmember Navarro, Councilmember Elrich, myself, Council Vice President  
27 Berliner, Councilmember Ervin, Councilmember Leventhal. It's approved 6-0. OK. Thank  
28 you. All right. That concludes the Council's action today. There is a public forum tonight at  
29 7:00 on speed control strategies that we welcome the public to come and participate in--  
30 that will be right here in this room--to hear from the public about their thoughts on the  
31 various strategies employed by the county to reduce speeding, including speed cameras,  
32 speed humps, traffic signage, circles, and other methods. So, anyone listening out there,  
33 please stop by this evening and participate. Now the Planning, Housing, and Economic  
34 Development Committee is gonna meet here within a few minutes, and MFP Committee,  
35 Management and Fiscal Policy Committee, will meet next door in the conference room.